



Electromagnetic Geoservices ASA
(Incorporated in Norway as a public limited liability company)
Organisation number: 984 195 486
www.emgs.com

Partially underwritten Rights Issue of minimum 31,632,654 and maximum 39,540,816 New Shares, each having a nominal value of NOK 1.00, with transferrable subscription rights for existing shareholders as of 17 April 2018 and being registered as such in the VPS on 19 April 2018 (the "**Existing Shareholders**"), at a Subscription Price of NOK 2.45 per New Share, raising minimum NOK 77,500,002 and maximum NOK 96,874,999 in gross proceeds.

The Rights Issue has been partially underwritten by certain major shareholders up to a maximum amount equal to the NOK equivalent of USD 10 million.

Fully underwritten Bond Issue of 325,000 Convertible Bonds, each having a nominal value of USD 100, with non-transferrable subscription rights for Existing Shareholders, raising USD 32.5 million in gross proceeds. The Convertible Bonds are convertible into ordinary shares of the Company at a conversion price of USD 0.42677, corresponding to 135% of the Subscription Price in the Rights Issue.

The Convertible Bond Issue has been fully underwritten by certain major shareholders.

Subscription Period from and including 20 April at 09:00 (CET) to and including 4 May 2018 at 12:00 (CET).

Listing of a minimum of 31,632,654 and a maximum of 39,540,816 New Shares on Oslo Børs, each with a nominal value of NOK 1.00, placed in the Rights Issue.

Listing of 325,000 Bonds on Oslo Børs, each with a nominal value of USD 100, placed in the Convertible Bond Issue.

THE NEW SHARES, THE SUBSCRIPTION RIGHTS AND THE CONVERTIBLE BOND ISSUE HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). EACH U.S. SHAREHOLDER ON THE RECORD DATE WISHING TO SUBSCRIBE FOR NEW SHARES OR CONVERTIBLE BONDS MUST PROVIDE A LETTER ATTACHED HERETO PROVIDING CERTIFICATION THAT IT IS A PERSON OTHER THAN A U.S. PERSON, AS THAT TERM IS DEFINED IN REGULATIONS UNDER THE SECURITIES ACT. ONLY U.S. SHAREHOLDERS ON THE RECORD DATE WHO HAVE COMPLETED AND RETURNED THE CERTIFICATION ARE AUTHORISED TO PARTICIPATE IN THE RIGHTS ISSUE AND THE CONVERTIBLE BOND ISSUE. THE NEW SHARES AND CONVERTIBLE BONDS WILL NOT BE TRANSFERABLE EXCEPT IN ACCORDANCE WITH THE RESTRICTIONS DESCRIBED UNDER SECTION 18 "SELLING AND TRANSFER RESTRICTIONS". BY ACCEPTING THIS PROSPECTUS, YOU AGREE TO BE BOUND BY THE FOREGOING INSTRUCTIONS.

THE DISTRIBUTION OF THIS PROSPECTUS IN OTHER JURISDICTIONS MAY BE RESTRICTED BY LAW, AND PERSONS INTO WHOSE POSSESSION THIS PROSPECTUS COMES SHOULD INFORM THEMSELVES ABOUT, AND OBSERVE, ANY SUCH RESTRICTIONS. BY ACCEPTING THIS PROSPECTUS, YOU AGREE TO BE BOUND BY THE FOREGOING INSTRUCTIONS.

SEE "RISK FACTORS" IN SECTION 2 FOR A DISCUSSION OF CERTAIN MATTERS THAT SHOULD BE CONSIDERED IN CONNECTION WITH AN INVESTMENT IN THE NEW SHARES AND CONVERTIBLE BONDS.

19 April 2018

Important information

This Prospectus has been prepared to provide information about Electromagnetic Geoservices ASA ("**EMGS**", the "**Company**" or the "**Group**") and its business in connection with (i) a partially underwritten Rights Issue by way of an offering of a minimum of 31,632,654 and a maximum of 39,540,816 New Shares with transferrable Subscription Rights to Existing Shareholders, and as further set out in this Prospectus, (ii) a fully underwritten offer of Convertible Bonds as further set out in this Prospectus, and (iii) a listing on Oslo Børs (the "**Listing**") of the New Shares issued in the Rights Issue and of the Convertible Bonds issued in the Convertible Bond Issue.

For the definitions and capitalised terms used throughout this Prospectus, see Section 19 "Definitions of glossary and terms of this Prospectus, which also applies to the prevailing pages of this Prospectus.

The Company has furnished the information in this Prospectus. This Prospectus has been prepared to comply with the Norwegian Securities Trading Act and the Norwegian Regulation on Contents of Prospectuses, which implements the Prospectus Directive (EC/2003/71), including the Commission Regulation EC/809/2004, in Norwegian law. The Prospectus has been prepared to comply with the simplified minimum disclosure requirements for rights issues pursuant to the Prospectus Directive. The Norwegian Financial Supervisory Authority has reviewed and approved (approval date: 19 April 2018) this Prospectus in accordance with the Norwegian Securities Trading Act sections 7-7 and 7-8. The Norwegian Financial Supervisory Authority has, however, not controlled or approved the accuracy or completeness of the information given in this Prospectus. The approval given by the Norwegian Financial Supervisory Authority only relates to the Company's descriptions pursuant to a pre-defined checklist of requirements. The Norwegian Financial Supervisory Authority has not made any form of control or approval relating to corporate matters described in or otherwise covered by this Prospectus. This Prospectus has been published in an English version only and in accordance with the minimum disclosure requirements for rights issues, issued by the Financial Supervisory Authority of Norway.

All inquiries relating to this Prospectus should be directed to the Company. No other person is authorised to give any information about, or make any representation on behalf of, the Company in connection with the Rights Issue, the Convertible Bonds Issue and the Listing, and, if given or made, such other information or representation must not be relied upon as having been authorised by the Company.

The information contained herein is as of the date hereof and subject to change, completion or amendment without notice. There may have been changes affecting the Company or its subsidiaries subsequent to the date of this Prospectus. Any new material information and any material inaccuracy that might influence the assessment of the New Shares or the Convertible Bonds arising after the publication of this Prospectus and before the completion of the Rights Issue and Listing, will be published and announced promptly as a supplement to this Prospectus in accordance with section 7-15 of the Norwegian Securities Trading Act. Neither the delivery of this Prospectus nor the completion of the Rights Issue, the Convertible Bonds Issue or the Listing at any time after the date hereof will, under any circumstances, create any implication that there has been no change in the Company's or its subsidiaries' affairs since the date hereof or that the information set forth in this Prospectus is correct as of any time since its date.

The distribution of this Prospectus and the offering of securities may in certain jurisdictions be restricted by law. Persons in possession of this Prospectus are required to inform themselves about and to observe any such restrictions. This Prospectus does not constitute an offer of, or a solicitation of an offer to purchase, any securities in any jurisdiction or in any circumstances in which such offer or solicitation would be unlawful. No one has taken any action that would permit a public offering of the Company's securities to occur outside of Norway. The Company does not accept any legal responsibility for any violation by any person of any such restrictions.

The Company's existing shares have not been and will not be, and the New Shares and the Subscription Rights, and the Convertible Bonds, will not be, registered under the Securities Act, or with any securities authority of any state of the United States. Prospective investors are hereby notified that the Subscription Rights, and New Shares and the Convertible Bonds are only being offered and sold outside the United States in compliance with Regulation S of the Securities Act. Except in certain circumstances specified in this Prospectus, the Subscription Rights, the New Shares and the Convertible Bonds may not be offered or sold in or into Canada, Japan or Australia or any other jurisdiction where such offer or sale will require specific registration or be unlawful.

The contents of this Prospectus shall not to be construed as legal, business or tax advice. Each reader of this Prospectus should consult its own legal, business or tax advisor as to legal, business or tax advice. If you are in any doubt about the contents of this Prospectus, you should consult your stockbroker, bank manager, lawyer, accountant or other professional adviser.

Without limiting the manner in which the Company may choose to make any public announcements, and subject to the Company's obligations under applicable law, announcements relating to the matters described in this Prospectus will be considered to have been made once they have been distributed through Oslo Børs' information system.

Investing in the Company's Shares and the Convertible Bonds involves risks. See Section 2 "Risk factors" of this Prospectus.

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APPENDICES

Appendix A *SHARE SUBSCRIPTION FORM*

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Appendix B *BOND SUBSCRIPTION FORM*

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Appendix C *BOND TERMS*

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1. SUMMARY

Summaries are made up of disclosure requirements known as "Elements". These Elements are numbered in sections A–E (A.1 – E.7) below.

This summary contains all the Elements required to be included in a summary for these types of securities and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted in the summary because of the types of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the label of "not applicable".

Section A – Introduction and Warnings

A.1 Warning	<p>This summary should be read as an introduction to the Prospectus.</p> <p>Any decision to invest in the New Shares or the Convertible Bonds should be based on consideration by the investor of the Prospectus as a whole.</p> <p>Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation in its Member State, be required to bear the costs of translating the Prospectus before the legal proceedings are initiated.</p> <p>Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.</p>
A.2 Resale and final placement by financial intermediates	Not applicable; no consent is granted by the Company for the use of this Prospectus for subsequent resale or final placement of the shares.

Section B – Issuer

B.1 Legal and commercial name	The Company's legal name is Electromagnetic Geoservices ASA. The Company's commercial name is EMGS .
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B.2 Domicile and legal form, legislation and country of incorporation	EMGS is a public limited liability company organised under the laws of Norway and subject to the Norwegian Public Limited Liability Companies Act. EMGS was incorporated on 30 January 2002 and registered with the Norwegian Register of Business Enterprises on 2 February 2002 with the organisation number 984 195 486.
B.3 Current operations, principal activities and markets	<p><u>Overview of CSEM technology</u></p> <p>The CSEM technology offered by EMGS consists of two distinct methods, controlled-source 2D and 3D CSEM ("2D and 3D CSEM") surveying and magnetotelluric ("MT") surveying. When performing a 2D or 3D CSEM survey, a powerful horizontal electric dipole source is towed 30 meters above the seafloor. The dipole source transmits a low-frequency electromagnetic signal into the subsurface. The EM energy transmitted from the dipole into the subsurface is rapidly attenuated in conductive sediments, while it is attenuated at a slower pace and propagated faster in more resistive sediments, such as hydrocarbon-filled reservoirs. Grids of seabed receivers measure the energy that has propagated through the sea and the subsurface. The information from these receivers is processed and inverted to produce 3D resistivity volumes from the survey area. 3D CSEM surveying is a valuable supplement to seismic techniques that generally provide structural information. The combination of the two techniques (EM and seismic) together with other complementary subsurface information form a valuable set of exploration tools as charge, seal and volumes are better predicted, defined and or understood.</p> <p>Similar to CSEM surveying, the MT technique generates insight into the subsurface by recognising the different resistivity of the geologic bodies in the sub-surface. Marine MT surveys map subsurface resistivity variations by measuring naturally occurring electric and magnetic fields on the seabed. The naturally occurring electric and magnetic fields are generated by the interactions of solar wind with the earth's magnetic field, which when strong, are known as geomagnetic storms. The MT fields are of very low frequency, which offers excellent depth penetration. The design and sensitivity of the receivers used in a CSEM survey enable EMGS to acquire high quality MT data as part of the CSEM survey when the controlled source is inactive. The low-frequency, deep-sensing nature of MT surveying makes the technique valuable for mapping and interpreting regional geology. The MT technology is highly efficient in penetrating the very thick resistive layers that might otherwise be challenging for CSEM and seismic techniques. MT surveys have been found most useful in salt and basalt settings where the flanks and/or the base are not well controlled. MT measurements can therefore form a useful complement to seismic techniques in particular in settings where</p>

	<p>high-impedance volcanic rocks or salt make the imaging and interpretation of seismic challenging.</p> <p><u>Markets</u></p> <p>The services offered by EMGS are used in all stages of the offshore exploration and development cycle. Applications of EMGS technology include Prospect Finding, ranking of identified prospects and validating of discoveries.</p> <p>The integration of CSEM methods into exploration workflows provides oil and gas companies with an improved de-risking and appraisal tool compared to using traditional exploration techniques alone. The use of CSEM data is complementary to the use of seismic data, as it provides oil companies with more information about the subsurface. Integrating the use of CSEM data into the exploration workflow reduces exploration risk through a better understanding of a reservoir's charge and seal.</p> <p>EMGS operates in a market with few players in the planning, acquisition, processing, modelling, interpretation and integration of CSEM data. The Company has extensive experience, well-established proprietary routines and aims to have leading-edge processing, modelling and inversion software.</p> <p>EMGS has conducted over 900 surveys across the world's mature and frontier basins in water depths ranging from 20 to 3500 meters for more than 150 customers. Electromagnetic ("EM") surveys have been conducted under a wide variety of operating conditions.</p>
<p>B.4 Significant recent trends and events</p>	<p>The last years have been challenging for the oil service industry in general and for EMGS in particular. Oil companies reduced their spending substantially as a result of the low oil price which resulted in a decline in revenues for many suppliers in the industry, including EMGS.</p> <p>To meet the market conditions and reduction in revenues, EMGS has significantly reduced its cost base. The cost reduction program started in 2015 and continued throughout 2017. The Company has reduced costs throughout the organisation, <i>inter alia</i> through an organisational re-adjustment, a significant reduction of employees, a reduction of the fleet size and a renewal of vessel charter agreements at improved terms.</p> <p>The number of employees has been reduced from 311 at the end of 2014 to 123 as of 31 December 2017.</p> <p>The new cost level is deemed to provide a sustainable basis for EMGS going forward. However, investors will need to note that EMGS'</p>

	<p>financial position is and remains, irrespective of the cost cutting and optimisation measures described above, dependent on being able to achieve higher revenue levels than those currently being reported. Based on the current situation and following the Rights Issue and the refinancing of the Existing Bond Issue through the Convertible Bond Issue, EMGS will have sufficient working capital for a period beyond the next twelve months. Please also refer to Section 2.1.23 <i>“EMGS' working capital needs beyond the next 12 months are difficult to forecast and may be subject to significant and rapid increases which could result in additional financing requirements that EMGS may not be able to obtain on satisfactory terms or at all.”</i></p> <p>On 8 March 2018, EMGS entered into a USD 4.0 million short term loan agreement with Siem Investments Inc. as the lender (the "Loan Agreement") to improve the Company's free cash position and ensure compliance with the minimum liquidity covenant in the Company's existing bond loan. The Loan Agreement has an annual interest rate equal to 3 months USD LIBOR plus a margin of 6.0%. As of the date of this Prospectus, no drawdown has been made by the Company under the Loan Agreement. Siem Investments Inc. is a major shareholder in the Company and is represented at the board of directors of the Company.</p> <p>As further described in this Prospectus, the Company intends to carry out the Comprehensive Refinancing (as defined in section 11.5.1), consisting of; (i) the Rights Issue, raising gross proceeds of up to USD 12.5 million, whereof USD 10 million is underwritten by the Underwriting Syndicate (as defined in section 5.3); and (ii) the Convertible Bond Issue, which is fully underwritten by the Underwriting Syndicate, with net proceeds of approximately NOK 249 million.</p> <p>The net proceeds from the Convertible Bond Issue will be used to refinance the Existing Bond Issue (as defined in section 6.1 below). The net proceeds of the Rights Issue will be used for general corporate purposes.</p> <p>The Company is not aware of any trends, uncertainties, demands, commitments or events that could have a material effect on the Group's prospects for the current financial year.</p>
B.5	<p>Description of the Group</p> <p>The Group consists of Electromagnetic Geoservices ASA and its subsidiaries. Electromagnetic Geoservices ASA is the operating entity unless there are local requirements regulating the jurisdiction of the legal entity which may perform a survey or enter into contracts in the given jurisdiction.</p> <p>EMGS coordinates its activities from its headquarter in Trondheim (Norway) and has offices in Oslo (Norway), Houston (USA) and Kuala</p>

		Lumpur (Malaysia). The Group also has offices in Rio de Janeiro (Brazil), Mumbai (India) and Mexico City (Mexico).
B.6	Interests in the Company and voting rights	<p>The following shareholders have an interest in the Company's capital which is notifiable under the Company's national law:</p> <ul style="list-style-type: none"> • Siem Investments Inc., holding 23.92% of the outstanding shares in EMGS as of the date of this prospectus. • Perestroika AS, holding 22.49% of the outstanding shares in EMGS as of the date of this prospectus. • RWC European Focus Master Inc. holding 19.77% of the outstanding shares in EMGS as of the date of this prospectus.
B.7	Selected historical key financial information	The following historical financial data has been extracted from the audited 2015, 2016 and 2017 consolidated financial statements.

Consolidated Income Statement

	2017	2016	2015
<i>Figures in USD thousands</i>	Audited	Audited	Audited
Operating revenues			
Contract sales	2 583	21 797	45 008
Multi-client pre-funding	13 256	579	3 546
Multi-client late sales	19 132	22 151	32 586
Other revenue	886	0	0
Total revenues	35 858	44 527	81 140
Operating expenses			
Charter hire, fuel and crew expenses	10 331	18 176	32 402
Employee expenses	17 057	25 097	44 826
Depreciation and ordinary amortisation	6 779	7 677	12 679
Multi-client amortisation	8 613	11 244	8 631
Impairment of long-term assets	3 626	17 286	31 344
Other operating expenses	6 334	10 137	20 607
Total operating expenses	52 740	89 617	150 489
Operating profit/(loss)	-16 882	-45 090	-69 349
Financial income and expenses			
Interest income	193	217	352
Interest expense	-4 088	-3 273	-4 055
Net gains/(losses) of financial assets and liabilities	2 143	-6 297	-4 106
Net foreign currency income/(loss)	-3 292	1 512	4 155
Net financial items	-5 043	-7 841	-3 654
Income/(loss) before income taxes	-21 926	-52 931	-73 003
Income tax expense	356	-100	3 712
Income/(loss) for the period	-22 282	-52 831	-76 715

Consolidated Statement of Financial Position

	2017	2016	2015
<i>Figures in USD thousands</i>	Audited	Audited	Audited
ASSETS			
Non-current assets			
Multi-client library	16 280	24 332	42 267
Other intangible assets	1 559	2 457	3 703
Property, plant and equipment	36 281	13 901	16 773
Assets under construction	3 112	28 255	26 566
Financial assets	0	0	1 387
Restricted cash	3 524	3 586	2 892
Total non-current assets	60 756	72 531	93 588
Current assets			
Spare parts, fuel, anchors and batteries	7 200	7 854	11 754
Trade receivables	11 075	8 534	18 580
Other receivables	5 957	7 080	5 665
Cash and cash equivalents	16 548	14 038	31 749
Restricted cash	2 997	1 255	3 788
Total current assets	43 778	38 761	71 536
Total assets	104 534	111 292	165 124
EQUITY			
Capital and reserves attributable to equity holders			
Share capital, share premium and other paid-in equity	336 764	319 283	319 039
Other reserves	-1 617	-1 608	-8 925
Retained earnings	-307 258	-284 975	-232 144
Total equity	27 889	32 700	77 970
LIABILITIES			
Non-current liabilities			
Financial liabilities	2 993	4 668	0
Provisions	20 670	19 140	17 371
Borrowings	30 288	31 636	30 848
Total non-current liabilities	53 950	55 444	48 219

<i>Figures in USD thousands</i>	2017 Audited	2016 Audited	2015 Audited
Current liabilities			
Trade payables	6 882	6 672	10 439
Current tax liabilities	6 299	5 853	5 257
Other short term liabilities	9 223	10 372	16 243
Financial liabilities	0	0	6 326
Borrowings	290	251	670
Total current liabilities	22 694	23 148	38 935
Total liabilities	76 644	78 592	87 154
Total equity and liabilities	104 534	111 292	165 124

Consolidated Statement of Cash Flows

	2017	2016	2015
<i>Figures in USD thousands</i>	Audited	Audited	Audited
Net cash flow from operating activities			
Income/(loss) before income taxes	-21 926	-52 931	-73 003
Adjustments for:			
Withholding tax expenses	-359	1 219	987
Total taxes paid	449	-522	-1 008
Depreciation and ordinary amortisation	6 779	7 677	12 679
Multi-client amortisation and impairment	8 613	27 722	23 952
Impairment of other long term assets	3 626	808	16 023
Cost of share-based payment	55	245	104
Change in trade receivables	-2 541	10 046	46 951
Change in inventories	654	3 900	3 152
Change in trade payables	210	-3 767	-2 924
Change in other working capital	1 563	2 317	-230
Financial gain on bond repayment	-836	0	-2 088
Amortisation of interest	2 464	2 413	3 709
Net cash flow from operating activities	-1 249	-873	28 304
Investing activities			
Purchase of property, plant and equipment	-2 521	-3 398	-7 658
Investment in multi-client library and JIP test	-6 819	-11 500	-34 379
Sale of financial assets	0	1 375	0
Cash used in investing activities	-9 340	-13 523	-42 037
Financing activities			
Financial lease payments - principal	-228	141	-299
Proceeds from rights issue	17 426	0	31 536
Repayment/settlement of loan and FRA	-10 454	-1 143	-8 898
Proceeds from new loan	8 500	0	945
Payment of interest on bonds	-2 145	-2 313	-3 015
Cash provided by financial activities	13 099	-3 315	20 269
Net change in cash	2 510	-17 711	6 536
Cash balance beginning of period	14 038	31 749	25 213
Cash balance end of period	16 548	14 038	31 749
Net change in cash	2 510	-17 711	6 536

B.8	Selected key pro forma financial information	Not applicable. This Prospectus does not contain any pro forma financial information.
B.9	Profit forecast or estimate	Not applicable. The Company has not provided a profit forecast in this Prospectus.
B.10	Audit report qualifications	<p>The Company's auditor since its incorporation has been Ernst & Young AS ("EY").</p> <p>EY has audited the Company's annual accounts for the fiscal years ended 31 December 2015, 2016 and 2017 and all audit opinions have been issued without qualifications.</p>
B.11	Sufficient working capital	In the opinion of the Company, the working capital for the Group is sufficient to meet the Group's working capital requirements for the next twelve months.

Section C – Securities

C.1	Type and class of securities admitted to trading and identification number	<p>The New Shares will be registered in VPS under ISIN NO 0010358484, which is the same ISIN under which the Company's listed shares are registered. Subscription rights will be registered in VPS under ISIN NO 0010821036.</p> <p>The Convertible Bonds will be registered in VPS under ISIN NO0010821010.</p>
C.2	Currency of issue	<p>The New Shares will be issued in NOK.</p> <p>The Convertible Bonds will be issued in USD.</p>
C.3	Number of shares in issue and par value	<p>The Company has a fully paid share capital of NOK 91,428,874 divided into 91,428,874 shares, each with a par value of NOK 1.00.</p> <p>The Convertible Bonds have a par value of USD 100 each.</p>
C.4	Rights attaching to the securities	The Company currently has one class of Shares which carries equal rights in all respects, including, but not limited to, the right to dividend; voting rights; rights to share in the issuer's profit and rights to share in any surplus in the event of liquidation. Each Share carries one vote at the Company's general meeting. The Company's shares are freely transferable.
C.5	Restrictions on transfer	The shares are freely transferable and, subject to the Articles of Association of the Company and any applicable securities law, there are no restrictions of transfer in the Company's securities.

	The Convertible Bonds are freely transferable.
C.6 Admission to trading	<p>The Company's shares are listed on Oslo Børs.</p> <p>The New Shares will be admitted to listing on Oslo Børs as soon as the shares are registered with the Norwegian Register for Business Enterprises and the New Shares have been registered in the VPS.</p> <p>The Convertible Bonds will be admitted to listing on Oslo Børs within 6 months of the Settlement Date (expected to be on 9 May 2018).</p>
C.7 Dividend policy	The Company aims to create value to its shareholders over the long term through the increase of the share price in addition to dividends. At present, the Company does not intend to pay dividends.

Section D – Risks

D.1 Key risks specific to the Company or its industry	<p><u>Business and industry related risks:</u></p> <ul style="list-style-type: none"> - EMGS depends upon offshore exploration-related expenditures by oil and gas companies, and reductions in such expenditures may have a material adverse impact on its business, results of operations and financial condition. - The inability to keep its chartered vessels and other equipment utilised at sufficient levels, may have a material adverse impact on EMGS' business, results of operations and financial condition. - EMGS relies on a combination of patents, licenses, confidentiality agreements and trade secrets to protect its CSEM technology, which may not prevent third parties from the independent development of similar information. - Competitors may oppose and third parties may infringe or misappropriate EMGS' intellectual property rights which may result in costly enforcement actions. - Technological changes and new products and services are continually introduced in the market for geophysical services and products, and EMGS' technology could be rendered obsolete by these introductions. In addition, EMGS may not be able to develop and produce new and enhanced technologies and services on a cost-effective and timely basis. - A disruption at the location where EMGS' central server park is housed and/or data processing centres, a technical malfunction with the server park and/or one of the processing centres may have a material adverse impact on its business, results of operations and financial condition. - EMGS' ability to support oil and gas companies to determine the probability of success of determining the presence of
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	<p>hydrocarbons could have a material adverse impact on its results of operations and financial condition.</p> <ul style="list-style-type: none"> - Governmental regulations could hinder or delay EMGS' operations, increase EMGS' operating costs, reduce demand for its services and restrict its ability to operate in certain jurisdictions. - EMGS invests significant amounts of money in acquiring and processing CSEM data for multi-client library without knowing precisely how much of the data EMGS will be able to sell or when and at what price EMGS will be able to sell the data. - EMGS' working capital needs beyond the next 12 months is difficult to forecast and may be subject to significant and rapid increases which could result in additional financing requirements that EMGS may not be able to obtain on satisfactory terms or at all. - There is a risk of downtime on highly technical and specialised CSEM equipment compared to mass produced equipment. -
D.3 Key risks specific to the securities	<ul style="list-style-type: none"> - Substantial future sales of EMGS' shares or Convertible Bonds by its current or future holders or any future share issuances (subject, for the Convertible Bonds, to conversion price adjustment mechanisms as incorporated in the Terms Sheet by EMGS could cause the price of the shares and/or the Convertible Bonds to decline and issuances by EMGS may dilute shareholders' ownership interest in EMGS. - The price of the EMGS shares and the Convertible Bonds may be volatile. - Holders of the shares that are registered in a nominee account may not be able to exercise voting rights as readily as shareholders whose shares are registered in their own names with the VPS. - Pre-emptive rights may not be available to U.S. holders. - Investors in the United States may have difficulty enforcing any judgment obtained in the United States against EMGS or its directors or executive officers in Norway. - Transfer of shares is subject to restrictions under the securities laws of the United States and other jurisdictions. - Shareholders outside of Norway are subject to exchange rate risk. - The Convertible Bonds may not be liquid or any liquidity may decline through the life of the Convertible Bonds. - The Convertible Bonds may be redeemed prior to maturity. - Bondholders may become bound by resolutions which may negatively affect the value of the Convertible Bonds.

	<ul style="list-style-type: none"> - The Company will have substantial indebtedness under the Convertible Bonds which could have important consequences for the Bondholders. - Convertible Bonds may not be a suitable investment for all investors.
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Section E – The Rights Offer

E.1	Net proceeds and estimated expenses	The Company will bear the fees and expenses related to the Rights Issue. These are estimated to approximately NOK 2.3 million, resulting in net proceeds of between NOK 75.2 million and NOK 94.6 million (depending on the final gross proceeds).
E.2a	Reasons for the Rights Issue and use of proceeds	The purpose of the Rights Issue is to strengthen the Company's financial position and will be used for general corporate purposes. This includes covering operational costs if annual revenues are not sufficient to cover the Company's cost base and any short-term liquidity needs related to quarterly variations in revenue.
E.3	Terms and conditions of the Rights Issue	<p>The terms and conditions apply to all investors subscribing in the Rights Issue.</p> <p>The Rights Issue consists of up to 39,540,816 New Shares.</p> <p>The Subscription Period for the shares commences on 20 April 2018 at 09:00 CET and expire at 12:00 CET on 4 May 2018. The Subscription Period may be extended by the Board.</p> <p>Each Eligible Shareholder will be granted 0.43247 tradable Subscription Rights for every share owned in the Company as of the Record Date. One Subscription Right will, subject to applicable securities law, give the holder the right to subscribe for and be allocated one New Share in the Company in the Rights Issue.</p> <p>The Trading Period for the Subscription Rights commences on 20 April 2018 at 09:00 CET and expire at 16:30 CET on 2 May 2018. The allocation of New Shares will take place after the expiry of the Subscription Period on or about 7 May 2018.</p> <p>The Subscription Rights may be used to subscribe for New Shares in the Rights Issue before expiry of the Subscription Period on 4 May 2018 12:00 CET or alternatively be sold before the end of the trading period in the Subscription Rights on Oslo Stock Exchange on 2 May 2018 at 16:30 CET. Subscription Rights which are not sold before the end of trading on Oslo Stock Exchange on 2 May 2018 or exercised before the end of the Subscription Period on 4 May 2018 will have no value and will lapse without compensation to the holder. Acquired</p>

	<p>Subscription Rights will give the same right to subscribe for and be allocated New Shares as Subscription Rights held by Eligible Shareholders based on their holdings as of the Record Date.</p> <p>The Subscription Rights are fully tradable and transferable and will be listed on Oslo Stock Exchange with ticker code "EMGS S" and registered in VPS with ISIN NO 0010821036</p> <p>Over-subscription by holders of Subscription Rights is permitted and there are no limitations on the number of shares that can be subscribed for. However, there can be no assurance that New Shares will be allocated for such subscriptions above the number of Subscription Rights.</p> <p>Subscription without Subscription Rights is not permitted.</p> <p>The allocation of New Shares to the subscribers will be made based on granted and acquired Subscription Rights that have been validly exercised during the Subscription Period. If not all Subscription Rights are validly exercised during the Subscription Period, the remaining shares will first be allocated to over-subscribed investors on a pro rata basis. Any New Shares remaining after allocation to such over-subscribing investors will be allocated to the participants of the Underwriting Syndicate who have not fulfilled their underwriting obligations based on and in accordance with their respective underwriting obligations.</p>
E.4 Material and conflicting interests	<p>The following members of the Board of Directors are indirectly a part of the Underwriting Syndicate:</p> <ul style="list-style-type: none"> - Siem Investments Inc., a company in which the Chairman of the Board, Eystein Eriksrud, is associated with, has guaranteed an amount equal to the NOK equivalent of USD 4 million (40% of the USD 10 million total underwritten amount) of the Rights Issue. - Perestroika AS, a company in which the Board Member Johan Kr. Mikkelsen is associated with, has guaranteed an amount equal to the NOK equivalent of USD 4 million (40% of the USD 10 million total underwritten amount) of the Rights Issue. - RWC European Focus Master Inc., a company in which the Board Member Petteri Soininen is associated with, has guaranteed an amount equal to the NOK equivalent of USD 2 million (20% of the USD 10 million total underwritten amount) of the Rights Issue.

	<p>As a part of the Underwriting Syndicate, each of the Underwriters have undertaken to, on the first day of the Subscription Period, subscribe for the lower of; (a) the number of Subscription Rights received by such Underwriter; and (b) its underwriting obligation as described directly above.</p> <p>The Underwriters will thus be allocated the remaining New Shares not subscribed for up to a maximum number of shares corresponding to the NOK equivalent of USD 10 million, in the event that the Rights Issue is not fully subscribed, and as such have an interest in the Rights Issue.</p> <p>Further, in connection with the Rights Issue, the Underwriters, Board Members and members of the Executive Management may receive Subscription Rights (if they are Eligible Shareholders) and may exercise their right to take up such Subscription Rights and subscribe or over-subscribe for New Shares and, in that capacity, may retain, purchase or sell Subscription Rights or New Shares and any other securities of the Company or other investments for their own account and may offer or sell such securities (or other investments) other than in connection with the Rights Issue. The Underwriters do not intend to disclose the extent of any such investments or transactions other than in accordance with any legal or regulatory obligation to do so.</p> <p>The following members of the Board of Directors and the Underwriting Syndicate also hold a position in the Existing Bond Issue:</p> <ul style="list-style-type: none"> - Siem Investments Inc., a company in which the Chairman of the Board, Eystein Eriksrud, is associated with, holds NOK 91.0 million (36.99%) of the Bond Issue. - Perestroika AS, a company in which the Board Member Johan Kr. Mikkelsen is associated with, holds NOK 21.0 million (8.54%) of the Bond Issue. - Other than what is set out above, the Company is not aware of any other material interests to the Rights Issue involving any Board Members or Executive Management of the Company. <p>Other than what is set out above, the Company is not aware of any interest, including conflicting ones, of any natural or legal persons involved in the Rights Issue.</p>
E.5 Selling shareholders and lock-up agreements	There are no selling shareholders in the Rights Issue and no lock-up on the New Shares.

E.6	Dilution resulting from the Rights Issue	Existing shareholders who do not participate in the Rights Issue are subject to a direct dilution of minimum 25,70% and maximum 30,19%.
E.7	Estimated expenses charged to investor	Not applicable. The Company will not charge the investors for the expenses related to the Rights Issue.

Section E – The Convertible Bonds Offer

E.1	Net proceeds and estimated expenses	The Company will bear the fees and expenses related to the Convertible Bond Issue. These are estimated to approximately NOK 3.1 million, resulting in net proceeds of approximately NOK 249 million.
E.2a	Reasons for the Convertible Bond Issue and use of proceeds	The purpose of the Convertible Bond Issue is to refinance EMGS' outstanding senior unsecured callable bond issue 2013/2019 with ISN NO 001 068253.7.
E.3	Terms and conditions of the Convertible Bond Issue	<p>The terms and conditions apply to all investors subscribing in the Convertible Bond Issue.</p> <p>The Convertible Bond Issue consists of 325,000 Convertible Bonds.</p> <p>The Subscription Period for the Convertible Bonds commences on 20 April 2018 at 09:00 CET and expire at 12:00 CET on 4 May 2018. The Subscription Period may be extended by the Board.</p> <p>Over-subscription is permitted and there are no limitations on the number of Convertible Bonds that can be subscribed for. However, there can be no assurance that Convertible Bonds will be allocated for such subscriptions.</p> <p>The minimum permissible investment in the Convertible Bonds in the Convertible Bond Issue is USD 10,000, and integral multiples thereof.</p>
E.4	Material and conflicting interests	<p>The following members of the Board of Directors are indirectly a part of the Underwriting Syndicate:</p> <ul style="list-style-type: none"> - Siem Investments Inc., a company which the Chairman of the Board, Eystein Eriksrud, is associated with, has guaranteed an amount of USD 13 million (40% of the USD 32.5 million total underwritten amount) of the Convertible Bonds Issue. - Perestroika AS, a company which the Board Member Johan Kr. Mikkelsen is associated with, has guaranteed an amount of USD 13 million (40% of the USD 32.5 million total underwritten amount) of the Convertible Bonds Issue.

	<ul style="list-style-type: none"> - RWC European Focus Master Inc., a company which the Board Member Petteri Soininen is associated with, has guaranteed an amount of USD 6.5 million (20% of the USD 32.5 million total underwritten amount) of the Convertible Bond Issue. <p>As a part of the Underwriting Syndicate, each of the Underwriters have on the first day of the Subscription Period undertaken to subscribe for at least the guaranteed amount described above.</p> <p>The Underwriters will thus be allocated the remaining Convertible Bonds not subscribed for in the event that the Convertible Bond Issue is not fully subscribed, and as such have an interest in the Convertible Bond Issue.</p> <p>The following members of the Board of Directors and the Underwriting Syndicate also hold a position in the Existing Bond Issue:</p> <ul style="list-style-type: none"> - Siem Investments Inc., a company in which the Chairman of the Board, Eystein Eriksrud, is associated with, holds NOK 91.0 million (36.99%) of the Bond Issue - Perestroika AS, a company in which the Board Member Johan Kr. Mikkelsen is associated with, holds NOK 21.0 million (8.54 %) of the Bond Issue - Other than what is set out above, the Company is not aware of any other material interests to the Rights Issue involving any Board Members or Executive Management of the Company. <p>Other than what is set out above, the Company is not aware of any interest, including conflicting ones, of any natural or legal persons involved in the Convertible Bond Issue.</p>
E.6	<p>Dilution resulting from the Convertible Bond Issue</p> <p>The Convertible Bonds may be converted into ordinary shares of the Issuer pursuant to the terms and conditions set out in the Bond Terms. As a consequence, existing shareholders who do not participate in the Convertible Bond Issue may be subject to a dilution of their shareholders position as of the Record Date.</p>
E.7	<p>Estimated expenses charged to investor</p> <p>Not applicable. The Company will not charge the investors for the expenses related to the Convertible Bond Issue.</p>

2. RISK FACTORS

*Potential investors should carefully consider each of the following risks and all of the information set forth in this Prospectus, including information incorporated hereto by reference, see Section 17.2 "Documents incorporated by reference" before deciding to invest in the Rights Issue and / or the Convertible Bond Issue. If any of the following risks and uncertainties develops into actual events, **EMGS'** business, financial conditions, results of operations or cash flows could be materially adversely affected. In that case, the trading price of the shares and the Convertible Bonds could decline, **EMGS** may not be able to meet its obligation to repay (in part or in full) the Convertible Bonds at maturity, and potential investors may lose all or part of their investment. In this chapter, references to "**EMGS**" shall be understood as a reference to **EMGS** and all its subsidiaries, unless the context requires otherwise.*

2.1 Risks related to the business of **EMGS** and the industry in which **EMGS** operates

2.1.1 **EMGS** depends upon offshore exploration-related expenditures by oil and gas companies, and reductions in such expenditures may have a material adverse impact on its business, results of operations and financial condition.

The demand for **EMGS'** services is largely dependent upon the level of expenditures by oil and gas companies for offshore exploration and development activities. Historically, these expenditures have been influenced significantly by the current oil and gas prices and the price expectations going forward. Low or volatile oil and gas prices, or the expectation thereof, could limit the exploration budgets of **EMGS'** current and potential future customers and, as a result, limit the overall demand for **EMGS'** services.

Oil and gas prices may fluctuate based on relatively insignificant changes in the supply and demand for oil and gas, expectations regarding future supply and demand for oil and gas, and certain other factors beyond **EMGS'** control, including, but not limited to, the following:

- general economic and geopolitical conditions;
- expectations regarding future oil and gas and other energy raw material prices;
- advances in exploration, development and production technology;
- the ability of the Organisation of Petroleum Exporting Countries, commonly referred to as "**OPEC**", to set and maintain production levels;
- the level of oil and gas production in non-OPEC countries;
- the policies of various governments regarding exploration and development of their oil and gas reserves;
- the ability of oil and gas companies to replace existing oil and gas reserves; and
- weather conditions.

In addition to the downturn in both the global economy and the global financial markets since early 2007, the recent and substantial drop in prices for oil and gas has had a significant, negative impact on demand for **EMGS'** services. As of the date of this Prospectus, the price level for oil and gas remains at lower levels relative to what has been experienced prior to the reduction in oil prices which started in 2014. If the current price level is

sustained it could continue to have a negative impact on budgets and capital expenditures of the oil and gas companies, which will reduce their exploration activities, or divert their exploration activities to areas with a lower demand for **EMGS'** services. This in turn means that any supplier to the oil and gas industry, such as and including **EMGS**, has and will experience:

- considerably lower demand for its services and products;
- a demand from customers for a material reduction in prices for such services and products, including discounts and rebates;
- customers to reprioritise their exploration portfolios, and in doing so either delay or cancel or both their demand for **EMGS'** services; and
- a request by customers to renegotiate other important parts of the supply contracts, such as, but not limited to, payment terms, delays or suspension of the provision of services and products, the right in general for the customer to terminate the contract and amendments to liability clauses.

Any of the above may have a substantial effect on **EMGS'** business, revenues, financial position and equity. **EMGS** can provide no assurances with respect to future oil and gas prices or the resulting level of industry spending for offshore exploration, production and development activities. The exact effect of a prolonged period of low prices for oil and gas is very uncertain and not possible to describe in any precise manner as of the date of this Prospectus.

2.1.2 EMGS is dependent upon a successful strategy to attract sufficient demand for its services.

EMGS was incorporated on 30 January 2002 and was listed on the Oslo Stock Exchange in 2007. Going forward, **EMGS** cannot assure potential investors that it will be successful in implementing its current and future business strategies to attract sufficient demand for its services to deliver satisfactory financial results.

For the year ended 31 December 2017, **EMGS** recorded a loss of USD 22.3 million, and for the year ended 31 December 2016, **EMGS** reported a loss of USD 52.8 million. No assurances can be given that **EMGS** will not suffer losses in the future. Failure by **EMGS** to achieve strategic goals or failure to attract and maintain demand for its services going forward will have a material adverse impact on its business, results of operations and financial condition.

2.1.3 EMGS' Backlog (or order book) estimates are based on certain assumptions and are subject to unexpected adjustments and cancellations and thus may not be timely converted into revenues in any particular fiscal period, if at all, or be indicative of EMGS' actual operating results for any future period.

EMGS' Backlog (or order book) represents an estimate of the revenues that are expected to be generated from CSEM acquisition projects where either the customer has executed a contract and scheduled a start date, or **EMGS** has a written letter of intent or award from the customer to award a contract or multi-client projects with unrecognised pre-committed funding. The expected revenues, that are included in the Backlog, are based on several assumptions and estimates including (but not limited to) assumptions related to foreign exchange rates and proportionate performance of contracts as well as **EMGS'** valuation of assets (e.g. CSEM data) that will be received by **EMGS** as payment under certain agreements. **EMGS'** ability to realise its Backlog is further affected by **EMGS'** performance under day rate contracts, as the early or late completion of a project under day rate contracts generally results in increased or decreased revenue from these projects depending on the specific project and terms of the contract.

In accordance with industry practice, **EMGS'** contracts for the provision of CSEM services may be cancelled at the sole discretion of the customer without significant cancellation fees payable to **EMGS**. As a result, even if expected revenues from contracts are included in the Backlog, there can be no assurance that such contracts will be wholly or partially executed by **EMGS**, generate actual revenue or not be re-negotiated at a lower price, or even that the total costs already incurred by **EMGS** in connection with the contract will be covered in part or in full pursuant to any cancellation clause. Even for projects that proceed as scheduled, there is no guarantee that revenue will be generated in part or in full as the customer may default and subsequently fail to pay the amounts owed to **EMGS**. Further, material delays, payment defaults and cancellations could reduce the amount of Backlog currently reported without the revenue being realised, and consequently, could inhibit the conversion of that Backlog into revenues.

2.1.4 The inability to keep its chartered vessels and other equipment utilised at sufficient levels may have a material adverse impact on EMGS' business, results of operations and financial condition.

EMGS incurs significant fixed costs related to the provision of its services including (but not limited to) chartering costs for its vessels. As a result, **EMGS** must generate sufficient revenue from the utilisation of its equipment, technology and chartered vessels and/or sales of data from its multi-client library to earn a profit. At any point in time, **EMGS** could potentially fail to deploy its chartered vessels and equipment at sufficient levels to cover its fixed costs and therefore incur losses. Furthermore, **EMGS'** vessels and equipment may be required to steam long distances between projects. **EMGS** may be unable to charge fees during this transit period, and therefore incur operational costs with no associated revenue. Should this occur, it could have an adverse effect on **EMGS'** results of operations and financial position.

2.1.5 Competition may limit EMGS' ability to maintain or increase its market share or to maintain its pricing.

The global market for geophysical technologies, services and products in the oil and gas industry is highly competitive and is characterised by continuing changes in technology. **EMGS** faces competition for expenditures by oil and gas companies from a broad set of competitors, including (but not limited to) competitors operating in the CSEM market and the seismic data acquisition market. Moreover, a portion of **EMGS'** contracts are obtained through tender processes and **EMGS** is therefore required to maintain an attractive offering to continue winning contracts. If **EMGS** is unable to compete for these contracts it would have a material adverse impact on its business, results of operations and financial condition.

A number of **EMGS'** competitors are in a better financial position and have access to more resources relative to **EMGS**. These competitors may therefore be better positioned to withstand, or adapt to, volatile market conditions, including (but not limited to) fluctuations in oil and gas prices, production levels and changes in governmental regulations. Such and other competitors may also be able to dedicate more resources to research and development or the acquisition of CSEM technology and equipment. In addition, as and when the CSEM market expands, other participants have in the past and may in the future enter this market. If **EMGS** fails to maintain its competitive position this may have a material adverse impact on its business, results of operations and financial condition.

2.1.6 Limitations to EMGS' intellectual property rights may adversely affect EMGS' ability to enforce such rights against third parties.

EMGS' operations rely at a great extent upon the use of proprietary technology related to CSEM, of which some are patented. **EMGS** holds a number of patents and has filed patent applications in numerous countries worldwide. Several limiting factors, including (but not limited to) the inherent territoriality of patent rights and the nature of the legal systems of the applicable countries and the activities involved, could make it difficult to

enforce these patents. Should **EMGS** fail to enforce these patents it would reduce the benefits for **EMGS** in maintaining these patent rights in certain countries, which could have a material adverse impact on its business, results of operations and financial condition.

The territoriality of intellectual property rights might limit **EMGS'** ability to effectively enforce its patents against third parties providing similar services. Some commercial surveys may be conducted in international waters, beyond the scope of any country's patent jurisdiction. Even if such surveys employ technology or survey methods patented by **EMGS**, the use of such technology or survey methods outside of those national jurisdictions in which **EMGS** has obtained patent protection, would prevent **EMGS** from enforcing its rights through an infringement suit, injunction or other similar procedures. It would also be possible for third parties to locate certain aspects of their survey and analysis process, for example computer processing of the survey data obtained at sea, into jurisdictions in which **EMGS** has no patent protection. Furthermore, **EMGS** does not have patents in every jurisdiction in which it has performed surveys or in which CSEM might have market potential. **EMGS'** patent portfolio does not protect all aspects of its business and may relate to obsolete or unusual methods that would not prevent third parties from entering the same market or developing the same or similar technology.

Additionally, in certain countries, including the United States, infringement of a patent method claim (for example a claim to a method of carrying out a survey) generally requires that the defendant performs each step of the claimed method in the applicable jurisdiction. If this requirement is not met, the patentee will have to rely on a statutory exception (if one exists) to assert a claim for infringement. This common limitation of method claims may reduce the benefit of **EMGS'** patent rights. **EMGS** may also encounter patent enforcement challenges in situations in which the jurisdiction is unclear. Certain non-U.S. and non-European countries do not have well developed patent laws and/or enforcement mechanisms which could complicate or limit enforcement of **EMGS'** patent rights in these countries. Additionally, the difficulty of monitoring and identifying the activities that take place on ships, including methods and equipment used by competitors in offshore surveying further complicates **EMGS'** patent enforcement efforts. If **EMGS** is unable to adequately maintain and enforce its intellectual property rights, its business, results of operations and financial condition may be materially adversely affected.

2.1.7 EMGS relies on a combination of patents, licenses, confidentiality agreements and trade secrets to protect its CSEM technology, which may not prevent third parties from the independent development of similar information.

In addition to patents, **EMGS** relies on a combination of licenses, confidentiality agreements and trade secrets to establish and protect its proprietary CSEM technology.

The part of the intellectual property, which is not published but part of **EMGS'** know-how, may be infringed as a consequence of breach of confidentiality. Further, **EMGS'** rights in its confidential information, trade secrets, and confidential know-how do not prevent third parties from the independent development of similar information. Publicly available information, including information in issued patents, published patent applications, and scientific literature can be used by third parties to develop software and CSEM surveying methods independently. **EMGS** cannot assure potential investors that its confidential know-how has not been disseminated to, or misappropriated by a third party outside the scope of, or in breach of, a confidentiality agreement. Nor can **EMGS** assure that third parties will not develop independent technology that is equivalent or superior to **EMGS'** software and information. If such independent technology is developed, it could have a material adverse impact on its business, results of operations and financial condition.

2.1.8 Competitors may oppose and third parties may infringe or misappropriate *EMGS*' intellectual property rights which may result in costly enforcement actions.

EMGS cannot assure potential investors that action taken to protect its intellectual property rights will be adequate to deter the misappropriation or independent third party development of *EMGS*' technology or that its patent rights will be effective in protecting the patented technology against competitors that illegally use the technology disclosed in *EMGS*' patents and patent applications across all jurisdictions. On occasions *EMGS* will assert its commercial rights against such competitors by court action. *EMGS* may not be successful in its enforcement actions and any failure of such action may result in costs being charged to *EMGS* while adversely affecting *EMGS* reputation and financial position. Such enforcement action can be costly and *EMGS*' business results of operations and financial condition may be materially adversely affected.

EMGS has in recent years been involved in a number of patent disputes, as briefly described below. For further information on these proceedings, the settlement and other litigation matters in which *EMGS* is involved, please refer to Section 8 "Legal proceedings".

In 2007, third parties, including Schlumberger, challenged the validity of some of *EMGS* method patents in, inter alia, the United Kingdom, the Netherlands and Australia, and with the European Patent Office (EPO). In 2010, the Appeal Court of the United Kingdom declared the challenged patents valid and the European Patent Office reached the same conclusion in December 2011.

In 2013, *EMGS* raised infringement claims in Norway and the United Kingdom against Petroleum Geo-Services ASA and two of its subsidiaries (together "*PGS*") for infringing one of the patents found valid in the UK and EPO in 2010 and 2011. *PGS* countered the claim with invalidity claims against the *EMGS* patent. The disputes were settled in April 2016. *PGS* has a license to use their Towed CSEM Streamer and *EMGS* has a license to the *PGS* Patent. The *EMGS* Patent remains valid in Norway, the UK and further 22 countries, as further described in Section 7.16 "Intellectual Property".

EMGS cannot assure potential investors that competitors will not infringe upon, violate or challenge *EMGS*' intellectual property in the future. If *EMGS* is not able to adequately protect or enforce its intellectual property rights, its business, results of operations and financial condition may be materially adversely affected. In addition, *EMGS* could potentially incur substantial costs related to the protection of its patents with no guarantee that the court will rule in favor of *EMGS*.

2.1.9 Third parties may own intellectual property rights that could be asserted against *EMGS*.

EMGS is also subject to the risk that third parties may allege that *EMGS*' operations and use of technology infringes upon their intellectual property rights. *PGS* alleged that *EMGS* infringed a patent owned by *PGS* in the United States. *EMGS* counterclaimed that this patent was invalid and that regardless of its validity, *EMGS* did not use the method described in the patent. The dispute was settled in April 2016 and *EMGS* obtained a license to the *PGS* Patent, as further described in Section 6.16 "Intellectual Property". *EMGS* cannot assure potential investors that litigations will be brought against *EMGS* in the future and, if brought, whether *EMGS* would be successful in defending itself against any such claims. Moreover, defending such claims may result in protracted litigation, which could result in substantial costs and the diversion of *EMGS*' resources, as a result of which *EMGS*' business, results of operations and financial condition may be materially adversely affected.

Furthermore, several *EMGS*' customer contracts contain indemnities, whereby *EMGS* agrees to indemnify its customers for third party intellectual property infringement claims and *EMGS* cannot assure potential investors that it would have no liability to its customers in such circumstances. If such liability was to occur, *EMGS* may not

have funds available to cover the liability, or funds may only be available at unacceptable terms or not at all, any of which may result in a material adverse financial position for **EMGS**. **EMGS** is not currently in a dispute concerning intellectual property.

2.1.10 Technological changes and new products and services are continually introduced in the market for geophysical products and services, and EMGS' technology could be rendered obsolete by these introductions. In addition, EMGS may not be able to develop and produce new and enhanced technologies and services on a cost-effective and timely basis.

The technology used in the geophysical industry evolves rapidly. New and enhanced technologies and techniques are therefore frequently introduced to the market. The success of **EMGS** is therefore largely dependent upon its ability to further develop its services by improving the technology and services on a cost-efficient and timely basis to maintain a competitive offering that satisfies industry demands. **EMGS** may not be able to fund research and development activities required to develop new technology and services. **EMGS** has entered into research and development agreements with third parties in respect of potential new and enhanced technologies and may also do so in the future. In general, the ownership of intellectual property arising from such collaborations may not be exclusive to **EMGS**. Furthermore, certain collaborations and agreements entered into by **EMGS** may contain patent license and/or crosslicense arrangements whereby third parties are licensed under **EMGS**' patent portfolio. Certain of **EMGS**' customer contracts contain provisions that means that any new inventions or technology enhancements made by **EMGS** during the survey, would potentially be either owned by the customer or jointly owned with the customer. In addition, **EMGS**' continuing development of new technology inherently carries the risk of obsolescence with respect to its existing technology and services. Third parties, who may have access to more resources than **EMGS**, may also develop new technologies that are competitive to **EMGS**' proprietary technology that could affect **EMGS**' market share. Moreover, these third parties could also obtain patent protection on such technologies or develop trade secrets or confidential information regarding such technologies that would not be available to **EMGS**. **EMGS** cannot assure potential investors that its new technology, techniques and services, if introduced, will gain market acceptance or will not be adversely affected by technological changes or product or service introductions by one of its competitors.

2.1.11 A disruption at the location where EMGS' central server park is housed and/or data processing centres or a technical malfunction with the server park or one of the processing centres may have a material adverse impact on its business, results of operations and financial condition.

EMGS' business is highly dependent upon its technological data processing centre located in Oslo, Norway. The data processing centre is critical to the various aspects of its data processing services and therefore its daily operations. Further, **EMGS**' main server park which is located in Trondheim, Norway is critical as it is involved in almost all data handling performed by **EMGS**. If any of these locations, and in particular the main server park, is subject to fire, natural disaster, terrorism, power loss, vandalism or other disruptions, **EMGS**' handling of data and consequently the ability to uphold and continue its operations could be severely impaired. **EMGS** cannot assure potential investors that any disaster, recovery, security and service continuity protection measures that **EMGS** has taken or may take in the future will be sufficient to protect it from the negative impacts related to any such disruptions. In addition, **EMGS** normally stores all its acquired data in the main server park and/or data processing centre and any disruptions or technical problems at the server park could result in corruption or damage to the acquired data. If **EMGS** suffers such a disruption or technical problem, it may have a material adverse impact on its business, results of operations and financial condition.

2.1.12 *EMGS'* ability to support oil and gas companies to determine the probability of success of determining the presence of hydrocarbons could have a material adverse impact on its results of operations and financial condition.

EMGS has performed CSEM services in nearly every major region worldwide, but only within a limited number of sedimentary basins. Going forward, *EMGS'* management expects that CSEM services will be performed in new basins and regions with unknown properties and differing sedimentary composition (including the existence of distinctive resistive bodies, such as salt or volcanic), that impacts CSEM measurements. *EMGS* cannot assure potential investors that new basins with differing subsurface electrical qualities will not adversely impact its ability to its customers to more accurately predict the existence of hydrocarbons. Any adverse impact on *EMGS'* ability to support its customers to more accurately predict the presence of hydrocarbons could have a material adverse impact on its results of operations and financial condition.

2.1.13 *EMGS* is subject to risks related to its international operations that may have a material adverse impact on its results of operations and financial condition.

EMGS' business and results of operations are subject to various risks inherent in international operations. These risks include, (but are not limited to) the following:

- instability of foreign governments and volatility of foreign economies;
- risks of war, terrorist activities, seizure of assets, renegotiation or nullification of existing contracts;
- disruptions of services from labour and political disturbances, including detainment of vessels and equipment in foreign ports;
- unfavorable changes in tax or other laws and regulations;
- restrictions on repatriation of funds;
- imposition of new laws or regulations that restrict *EMGS'* services or increase the cost of operations; and
- foreign exchange restrictions, custom, export and import duties and other laws, regulations and policies affecting trade and investment.

EMGS cannot assure potential investors that it will not be subject to materially adverse developments in relation to its international operations or that its insurance coverage will be adequate at all times to cover any losses arising from such risks. In addition, the tax treatment of certain of *EMGS'* international services is difficult to predict with certainty. The imposition of tax on such international services could result in a significant cash drain.

2.1.14 *EMGS* has operations in numerous countries and is faced with complex tax issues and could be obligated to pay additional taxes in various jurisdictions or become unable to utilise tax losses carried forward.

As a result of its international operations, *EMGS* is subject to taxation in many jurisdictions around the world with complex tax laws. The amount of taxes *EMGS* pays in these jurisdictions could increase substantially due to changes in these laws or their interpretations by the relevant taxing authorities. This could have a material

adverse effect on **EMGS'** liquidity and results of operations. In addition, those authorities could review **EMGS'** tax returns and impose additional taxes and other penalties which may have a material adverse impact on its results of operations and financial condition.

As of 31 December 2017, **EMGS'** tax losses carried forward totalled USD 366 million. Subject to certain conditions, such losses may be utilised against any future profits. However, **EMGS** cannot ensure investors that such tax losses carried forward (or any other tax or VAT receivables) in fact may be possible to utilise in the future, and as such current tax assets may have no future value.

2.1.15 *EMGS* could be adversely affected by violations of applicable anti-corruption laws or applicable sanctions or embargoes.

EMGS operates in many countries, including (but not limited to) Brazil, Canada, Mexico, Malaysia, United Kingdom, Norway, the United States, India, Indonesia and several countries in Africa. Consequently, a substantial share of **EMGS'** revenue is generated from international sales, which from time to time may also involve the engagement of sales agents and other representatives. **EMGS'** operations and financial performance may therefore be affected by changes in trade protection laws, policies and measures, and other regulatory requirements affecting trade and investment.

Sections 276a, 276b and 276c of the Norwegian Criminal Act, the U.S. Foreign Corrupt Practices Act, the UK Anti-Bribery Act and other local laws and regulations ("**Anti-Corruption Laws**") prohibit corrupt payments by **EMGS'** officers, employees, vendors, agents or other representatives. While **EMGS** devotes substantial resources into compliance rules, policies and programs, **EMGS** cannot guarantee that any of its officers, employees, vendors, agents or other representatives will not violate any Anti-Corruption Laws. In case of such violations, or alleged violations of any Anti-Corruption Laws, **EMGS** will have to allocate substantial man-power and capital resources to investigate and defend itself from any such claims. Should **EMGS** be found liable for any violation of Anti-Corruption Laws, **EMGS** may be exposed to significant criminal and civil fines and penalties. Consequently, any alleged or actual violation of Anti-Corruption Laws by any officer, employee vendors, agents or other representatives of **EMGS** may have a material negative effect on **EMGS'** operations, results and financial position.

Changes in the political status of certain countries may also impact **EMGS'** services. For example, countries in which **EMGS** currently conducts services or may perform services in the future, may become a restricted or sanctioned country. As a result, **EMGS** could incur fines or other penalties for performing services or be required to cease operations and or marketing efforts in such jurisdictions. If any jurisdiction in which **EMGS** operates becomes designated as a sanctioned country by certain organisations, countries or other political bodies, **EMGS'** services may be impaired with adverse effects on its results of operations and financial condition. Also, if **EMGS** does engage in trade in connection with an embargoed or sanctioned country, **EMGS** could incur fines or other penalties or be denied carrying out any form of operations in such jurisdictions as well as other jurisdictions which have imposed the embargo or sanctions. Should this happen, **EMGS** may experience a material negative effect on its reputation, operations, results and financial position.

2.1.16 Compliance with or a breach of environmental laws may be costly and could limit *EMGS'* services.

EMGS' services are subject to regulations due to international conventions and codes, as well as regional, national, state and local environmental laws, including those that require **EMGS** to obtain and maintain specific permits or other governmental approvals, control the discharge and emission of materials or waste into the environment, require the removal and cleanup of materials or waste that may harm the environment or otherwise relate to the protection of the environment. For example, **EMGS** may be liable for damages and costs incurred in connection with any spills or other unauthorised discharges of chemicals or wastes arising from or

relating to its services. Furthermore, permitted exploration areas may be limited based on the presence of protected species or designation as a protected area. Laws and regulations protecting the environment have become more stringent in recent years, and may in some cases impose strict liability, rendering a person liable for environmental damage without regard to negligence or fault on the part of such person, or provide non-governmental parties the right to pursue legal action to enforce compliance with environmental requirements. Violation of, or non-compliance with these laws and regulations, can lead to both prolonged operational interruptions and material civil or criminal fines and penalties. Some of these laws and regulations or any new or amended laws and regulations may expose **EMGS** to liability related to acts, either conducted by **EMGS** or caused by others, that were in compliance with all applicable laws at the time they were performed. The application of these requirements, the modification of existing laws or regulations or the adoption of new requirements may have a material adverse effect on **EMGS'** results of operations and financial condition. Please also see Section 13 "Regulatory, environmental, health and safety matters".

2.1.17 Governmental regulations could hinder or delay **EMGS' operations, increase **EMGS'** operating costs, reduce demand for its services and restrict its ability to operate in certain jurisdictions.**

EMGS' services are affected by governmental laws and regulations. The industry in which **EMGS** operates is dependent upon demand for its services from the oil and gas industry and, accordingly, is indirectly affected by changing laws and regulations, including tax permitting and other regulations, relating to the energy business in general. The laws and regulations affecting **EMGS'** business and services include, (but are not limited to) the following:

- permitting or licensing requirements for geophysical activities;
- exports and imports;
- sanctions or restrictions against doing business in certain countries;
- taxes; and
- quality, health, safety, security and environmental;

EMGS and its customers are required to invest financial and managerial resources to comply with these laws and regulations. Because these laws and regulations and **EMGS'** business change from time to time, **EMGS** cannot predict the future costs of complying with these laws and regulations and any new laws or regulations could materially increase **EMGS'** expenditures in the future. Existing laws or regulations or adoption of new laws or regulations limiting exploration or production activities by oil and gas companies, requiring changes to the types of equipment and materials **EMGS** uses, imposing more stringent restrictions on geophysical or hydrocarbon production related operations or seeking to restrict utilisation- of hydrocarbons as an energy source could adversely affect **EMGS** by increasing its operating costs, reducing the demand for its services and restricting its ability to operate in certain jurisdictions. For example, **EMGS** has experienced difficulties and delays in obtaining permits to operate in certain jurisdictions.¹ Any such complication in the future may have a material adverse impact on its business, results of operations and financial condition.

¹ **EMGS** has experienced delays in obtaining permits in Mexico, Norway and Canada. In addition, the Company has failed to obtain a permit in China (not occurred in any other country).

2.1.18 EMGS is subject to several hazards relating to its offshore and technical services.

EMGS' services are often performed in extreme weather and under hazardous conditions. In particular, a substantial amount of all *EMGS'* services are subject to perils that are customary risks for marine operations, including but not limited to capsizing, grounding, collision, interruption, piracy and damage or loss from severe weather conditions, fire and explosions. Any of these risks could result in damage to, or destruction of, vessels and or equipment, personal injury, loss of life, and property damage, suspension of operations or environmental damage. In addition, *EMGS'* services involve technical and operational risks due to the complexity of the systems that it uses to provide its services. If any of these events occur, *EMGS'* services could be interrupted, which may have a material adverse impact on its business, results of operations and financial condition.

2.1.19 EMGS is dependent upon its management team and key employees and a loss of these key persons may have a material adverse impact on its business, results of operations and financial condition.

EMGS relies upon the service of its management team and key employees. These key employees possess significant industry knowledge and experience and have been at the forefront of the invention, development and enhancement of CSEM technology for commercial use. The loss of any of these key employees could have a material adverse effect on *EMGS'* business. Although all the key employees have entered into an employment agreement with *EMGS*, there can be no assurance that *EMGS* will have the ability to retain their services.

2.1.20 Failure to attract and employ a sufficient number of qualified personnel or an increase in labour costs may have a material adverse impact on EMGS' business, results of operations and financial condition.

EMGS requires skilled personnel to operate and provide technical services and support for its services and the development of its business know-how. *EMGS'* management believes that the development of its business know-how largely depends on its ability to attract and retain highly skilled and qualified personnel. *EMGS* mainly competes for skilled personnel with other geophysical product and service companies but also with companies in the entire oil and gas industry. In periods of increasing activity and when demand for geophysical services is high, a shortage of qualified personnel could arise, creating upward pressure on wages and difficulty in staffing *EMGS'* service as well as research and development teams. In addition, *EMGS'* ability to expand its services depends largely upon its ability to increase the size of its skilled labour force. *EMGS'* failure to hire, train, and retain a sufficient number of qualified employees on terms that are commercially satisfactory may have a material adverse impact on its business, results of operations and financial condition.

2.1.21 Redundancies or labour interruptions could disrupt EMGS' business

EMGS has since June 2015 and until present, implemented several cost reduction measures included a headcount reduction from 311 as of 31 December 2014 to 123 as of 31 December 2017. Any reduction of employees is highly disruptive to the business of *EMGS* and *EMGS* may be forced to lay off employees (temporarily or permanently) with skills and experience that are required for its business and are difficult to replace. This may have an adverse negative effect on *EMGS'* operations, business and results of operations.

Certain *EMGS'* employees are members of labour unions and future employees may also be members of unions. Any labour unrest could prevent or hinder *EMGS'* services from being carried out normally and, if not resolved in a timely and cost-efficient manner, could have a material adverse effect on its business, results of operations, cash flows and financial condition. *EMGS'* vessels are chartered with maritime crew, of which most are organised in labour unions. If individuals of the maritime crew are involved in a strike or other form of labour unrest, *EMGS* may not be able to operate its vessels, which may have a material adverse impact on its business, results of operations and financial condition.

2.1.22 EMGS invests significant amounts of money in acquiring and processing CSEM data library without knowing precisely how much of the data EMGS will be able to sell or when and at what price EMGS will be able to sell the data.

EMGS invests significant amounts of money in acquiring and processing CSEM data that is owned by **EMGS**. The data is defined as multi-client data. In 2017, revenue from multi-client sales constituted 90% of the total revenues. **EMGS'** future multi-client data licenses sales, including the timing of such sales, are uncertain and depend on several factors, many of which are beyond **EMGS'** control. By making such investments, **EMGS** assumes the risk that:

- **EMGS** may not fully recover the costs of acquiring and processing the data through future sales. The amounts of these data sales are uncertain and depend on a variety of factors, many of which are beyond **EMGS'** control. In addition, the timing of these sales is unpredictable, and sales can vary greatly from period to period. Further, each individual survey has a limited useful life, as the value of a study in a specific location diminishes with the number of customers that the study has been sold to. The value is also linked to the prospectivity of the location.
- Technological or regulatory changes or other developments could also materially adverse the value of the data. Regulatory changes that affect the ability of **EMGS'** customers to develop exploration programs (e.g. limitation on drilling activity), either generally or in a specific location where **EMGS** has acquired CSEM data, could have a materially adverse effect on the value of the CSEM data in the multi-client library. Further, technological changes and advancements could make existing data obsolete with material adverse implications for the value of the multi-client library.
- The value of **EMGS'** multi-client data could be significantly and adversely affected if any material change occurs in the general prospects for oil and gas exploration, development and production activities. This is particularly true in the areas where **EMGS** has or is acquiring multi-client data but also on a general basis.
- **EMGS** attempts to protect its multi-client CSEM data from misuse from customers primarily through contractual provisions that permit the use of the data only by that particular customer on a non-transferable basis. Such provisions can be effective only if such provisions are honoured by **EMGS'** customers and misuse of the data by customers or third parties can be detected and if **EMGS'** rights can be enforced through legal action. If widespread misuse was to occur, **EMGS'** multi-client revenues would be adversely affected.

Any reduction in the market value of such data will require **EMGS** to write down its recorded value, which could have a material adverse effect on the results of operations.

2.1.23 EMGS' working capital needs beyond the next 12 months are difficult to forecast and may be subject to significant and rapid increases which could result in additional financing requirements that EMGS may not be able to obtain on satisfactory terms or at all.

EMGS is unable to predict with certainty its working capital needs beyond the next 12 months. This is primarily due to large working capital requirements for general operating expenses, research and development expenditures, acquisition of equipment and other materials necessary for **EMGS** to deliver its services. **EMGS** may also require funds to support any future services and growth, including, if relevant, the chartering of new

vessels as well as the acquisition of equipment and supplies. As the future level of revenues is also difficult to predict with any certainty, forecasting working capital requirements is difficult and subject to substantial uncertainty and could therefore adversely affect **EMGS'** ability to obtain such required funds on satisfactory terms, or at all.

EMGS' working capital needs may also be impacted by its ability to manage expense disbursements and collections. It is market practice for **EMGS** to pay for certain expenses related to its services in a short timeframe and often before it receives payments from customers associated with these costs. This administrative delay in receiving payments from customers creates a cash shortfall during which time **EMGS** may need access to additional funds to meet its financial and operating obligations. **EMGS** may therefore be subject to significant and rapid increases in its working capital needs that it may have difficulty financing on satisfactory terms, or at all.

Based on the current situation and following the Rights Issue and the refinancing of the Existing Bond Issue through the Convertible Bond Issue, **EMGS** will have sufficient working capital for a period beyond the next twelve months. However, unless **EMGS** is able to increase its revenues and profits, additional working capital will be required in the medium term. Unless new credit lines become available to the Company, such additional working capital will need to be obtained by way of issuance of new shares, sale of assets or a combination thereof.

2.1.24 EMGS' future revenues may fluctuate significantly from period to period.

EMGS' future revenues may fluctuate significantly from period to period and from year to year as a result of various factors including, (but not limited to) the following:

- changes in the customers' offshore exploration and development (upstream) investment strategy may impact demand for its services;
- different levels of exploration activity planned by **EMGS'** customers;
- the timing of offshore lease sales and the effect of such timing on the demand for geophysical services;
- fluctuation in demand for geophysical services in a particular geography or basin;
- weather and other factors affecting services; and
- changes in timing of tender processes for **EMGS'** services.

Such fluctuations may have a material adverse impact on **EMGS'** results of operations and financial condition.

2.1.25 Vessels and CSEM equipment are essential to EMGS' operations and it has limited control over their availability and cost.

EMGS currently charters vessels for its operations and has limited control over the availability and costs associated with chartering suitable additional vessels if needed or renewing charter agreements in the future. In order to provide its services, **EMGS** needs dynamically positioned vessels with sufficient space for its CSEM equipment and the performance necessary to meet its operational requirements. Chartering adequate vessels may be expensive and difficult as the demand for such vessels may be competitive and supply may be limited. **EMGS** currently has charter agreements for two vessels. **EMGS** does not own any of the vessels that it uses and

there can be no assurance that **EMGS** will be capable of securing future fleet expansion (or renewals) on terms that are commercially acceptable or at all. The decision or failure to renew existing charter agreements or charter new vessels as may be contemplated in the future, may adversely affect **EMGS'** growth plans and results of operations. See also Section 2.1.4 "The inability to keep its chartered vessels and other equipment utilised at sufficient levels may have a material adverse impact on **EMGS'** business, results of operations and financial condition." above.

EMGS also utilises highly technical equipment, some of which is custom-made available only from a limited number of suppliers and in limited supply. Replacing this equipment as a result of damage or loss may be expensive and could take several months. There is no assurance that **EMGS** will be able to acquire the necessary equipment on a timely basis and that the cost of such equipment will remain at a satisfactory or affordable level. Shortages in the supply of equipment or components may also arise because of production disruptions at **EMGS'** suppliers which are beyond **EMGS'** control. Shortages or potential high cost of equipment, supplies or personnel could delay or adversely affect **EMGS'** services, which may have a material adverse impact on its business, results of operations and financial condition.

2.1.26 Because *EMGS* generates revenue and incurs expenses in various currencies, exchange rate fluctuations and devaluations could have a material adverse effect on its results of operations.

Currency exchange rate fluctuations and currency devaluations could have a material adverse effect on **EMGS'** results of operations. Historically, most of **EMGS'** revenue has been generated in U.S. dollars, while its operating expenses are incurred in multiple currencies, particularly in Norwegian Kroner ("**NOK**"). In addition, **EMGS** has a NOK 246 million bond loan outstanding in which interest cost is payable in NOK on a quarterly basis. **EMGS** has entered into a forward rate agreement with the purpose of reducing its exposure to exchange rate fluctuations related to the NOK 246 million bond loan. When the company enters into such hedging contracts, there can be no assurance that these actions will adequately protect its operating results from the effects of exchange rate fluctuations. Further, **EMGS'** shares will be quoted in Norwegian kroner while its financial results will be presented in U.S. dollars. Therefore, **EMGS'** share price could fluctuate based not only on its operating and financial performance, but also based on the exchange rate fluctuation between the U.S. dollar and the NOK. **EMGS** cannot assure potential investors that its business, results of operations, financial condition or share price will not be adversely affected by currency fluctuations.

2.1.27 *EMGS* performs a portion of its CSEM contract work under turnkey arrangements. If *EMGS* bids too low on these contracts, *EMGS* could incur losses on projects and experience reduced profitability.

Many of **EMGS'** contracts for CSEM data acquisition are turnkey contracts, where the work is delivered at a predetermined fixed price. In submitting a proposal or bid on a turnkey basis, **EMGS** estimates its costs associated with the project. However, actual costs can vary from the estimated costs because of changes in assumed operating conditions, including but not limited to weather, fishing activity, interference from other vessels, permitting delays and other operating disturbances, exchange rates and equipment productivity. In addition, **EMGS** may bid too low as a result of market pricing pressure. As a result, **EMGS** may experience reduced profitability or losses on projects if bids on turnkey contracts are too low and/or actual costs exceed estimated costs.

2.1.28 The nature of *EMGS*' business is subject to significant ongoing operating risks for which it may not have adequate insurance or for which *EMGS* may not be able to procure adequate insurance on economic terms, if at all.

EMGS does not carry insurance covering all of its operating risks, including business interruption insurance. Although *EMGS* generally attempts to carry insurance against potential liabilities arising from its services and the destruction of or damage to its equipment in amounts that it considers adequate, such insurance coverage is subject to exclusions for, among other things, losses due to war and terrorists' acts as well as customary deductibles. *EMGS* cannot assure potential investors that its insurance coverage will be adequate in all circumstances or against all hazards, or that it will be able to maintain adequate insurance coverage in the future at commercially reasonable rates or on acceptable terms.

2.1.29 Risks associated with legal disputes in general

EMGS is currently involved in disputes, as described in Section 8 "Legal proceedings" of this Prospectus, and may from time to time be involved in other legal disputes and legal proceedings related to its operations or otherwise. Such disputes and legal proceedings may be expensive and time-consuming and could divert management's attention from *EMGS*' business. Furthermore, legal proceedings could be ruled against *EMGS* and *EMGS* could be required to, inter alia, pay damages, which could consequently adversely affect *EMGS*' business, prospects, and results of operations and/or financial condition.

2.1.30 Risk related to incorrect valuation of the multi-client library and EM equipment

EMGS performs impairment reviews and determines the value in use for the multi-client library and the assets under construction. The Company estimates the value in use by using estimated future sales forecast. The sales forecasts are based on budgets and assumptions about future market demand and spending on exploration and production by oil companies, including licensing activities. The forecasts require judgement from management about future market conditions. Uncertainty about these assumptions and estimates could result in outcomes that could require material adjustments to the carrying amount of the assets affected in future periods.

2.1.31 There is a risk of downtime on highly technical and specialised CSEM equipment compared to mass produced equipment

EMGS continuously works to improve to the EM equipment, including receivers, the source, navigation system and software to support an efficient operation and improve the data quality. There is a risk of technical downtime during the testing of the equipment, which can consequently delay projects and/or reduce the profitability on ongoing projects.

2.2 Risks related to *EMGS*' indebtedness and additional capital

2.2.1 *EMGS*' ability to generate cash to service its indebtedness is dependent upon certain factors beyond its control.

EMGS' debt primarily consists of a listed bond. The loan is in the principal and outstanding amount of NOK 246 million. This indebtedness increases *EMGS*' vulnerability to general adverse economic and industry conditions and will require *EMGS* to dedicate a substantial portion of its cash flow from services to payments of interest on its indebtedness, and thereby reducing the availability of *EMGS*' cash flow to fund working capital, capital expenditures and other general corporate purposes, and also limits *EMGS*' flexibility in planning for, or reacting to, changes in its business and the industry in which *EMGS* operates.

In addition, **EMGS'** loan agreement contains provisions that restrict its ability to, among other things, sell the multi-client library, declare or make dividend payments, repurchase shares or similar transactions, incur additional indebtedness, change its business or enter into speculative financial derivative agreements. In addition, there are certain other covenants requiring **EMGS**, inter alia, to maintain a capital employed ratio of minimum 1/3 on a consolidated basis for the Group, as well as maintaining a free cash balance of at least USD 10 million. See Section 11.7.1 "NOK 246 million bond" for a further description of the bond.

Failing to comply with any provisions or covenants in the loan agreement could result in an event of default under the loan agreements that, if not cured or waived, could result in the acceleration of its outstanding indebtedness and other financial obligations or otherwise have a material adverse effect on **EMGS**. If **EMGS'** debt is accelerated, its assets may not be sufficient to repay such debt and **EMGS** may not be able to borrow sufficient funds to do so, in which case **EMGS** may be forced to declare bankruptcy.

In addition to the listed bond loan, **EMGS** has a USD 10 million revolving credit facility and a USD 10 million guarantee facility, both secured by first priority assignment of receivables in the Group.

EMGS' ability to make payments on and to refinance its indebtedness, and to fund planned capital expenditures will partly depend on its ability to generate cash in the future. This, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond **EMGS'** control.

EMGS cannot assure potential investors that its business will generate sufficient cash flow from services that it will realise operating improvements on schedule or that future borrowings will be available to **EMGS** in an amount sufficient to enable the Company to service and repay its indebtedness or to fund its other liquidity needs. If **EMGS** is unable to satisfy its debt obligations, it may have to undertake alternative financing plans, such as refinancing or restructuring its indebtedness, selling assets, reducing or delaying capital investments or seeking to raise additional equity capital. **EMGS** cannot assure potential investors that any refinancing or debt restructuring would be possible, that any assets could be sold or, if sold, the timing of the sales and the amount of proceeds realised from those sales, or that additional financing could be obtained on acceptable terms.

2.2.2 EMGS may not be able to raise additional capital.

EMGS may seek to raise additional capital through collaborative agreements, strategic alliances, new debt arrangements and/or new equity raisings, or from other sources. However, **EMGS** may prove unable to raise such additional capital at commercially acceptable terms, if at all. If **EMGS** is unable to generate adequate funds from operations or from additional sources, then business opportunities may be lost, and the business, results of operations, and financial condition may be materially and adversely affected.

2.3 Risks related to the Rights Issue, securities markets and ownership of the Shares

2.3.1 Substantial future sales of EMGS' shares by its current or future holders or any future share issuances by EMGS could cause its share price to decline and issuances by EMGS may dilute shareholders' ownership interest in EMGS.

EMGS is unable to predict whether significant amounts of its shares will be sold by its current or future holders following the Rights Issue. Any sales of substantial amounts of **EMGS'** shares in the public market by its current or future holders or **EMGS**, or the perception that such sales might occur, could lower the market price of **EMGS'** shares. Further, if **EMGS** issues additional equity securities to raise additional capital, potential investors' ownership interest in **EMGS** may be diluted and the value of potential investors' investment may be reduced.

2.3.2 The price of *EMGS* shares may be volatile.

The market price of *EMGS*' shares could be subject to significant fluctuations after the Rights Issue and may decline below the Subscription Price. Subscribers in the Rights Issue may not be able to resell their shares at or above the Subscription Price. The factors that could affect *EMGS*' share price are include but are not limited to:

- *EMGS*' operating and financial performance and prospects;
- quarterly variations in the rate of growth of *EMGS*' financial indicators, such as earnings per share, net income and revenues;
- changes in revenue or earnings estimates;
- publication of research reports by analysts;
- speculation in the press or investment community;
- strategic actions by *EMGS* or its competitors, such as acquisitions or restructurings;
- sales of *EMGS*' shares by shareholders;
- actions by institutional investors;
- fluctuations in oil and gas prices;
- general market conditions; and
- international economic, legal and regulatory factors unrelated to *EMGS*' performance.

The equity markets in general have experienced extreme volatility that has at times been unrelated to the operating performance of particular companies. These broad market fluctuations may adversely affect the trading price of *EMGS*' shares.

2.3.3 Holders of the shares that are registered in a nominee account may not be able to exercise voting rights as readily as shareholders whose shares are registered in their own names with the VPS.

Beneficial owners of the shares that are registered in a nominee account (e.g., through brokers, dealers or other third parties) may not be able to vote for such shares unless their ownership is re-registered in their name with the VPS prior to *EMGS*' general meetings. *EMGS* cannot guarantee that beneficial owners of the shares will receive the notice for a general meeting in time to instruct their nominees to either effect a re-registration of their shares or otherwise vote their shares in the manner desired by such beneficial owners.

2.3.4 Pre-emptive rights may not be available to U.S. holders.

In accordance with Norwegian law, prior to issuance of any shares for consideration in cash, *EMGS* must offer holders of then-outstanding shares pre-emptive rights to subscribe and pay for a sufficient number of shares to maintain their existing ownership percentages, unless these rights are waived at a general meeting of the shareholders. These pre-emptive rights are generally transferable during the subscription period for the related offering and may be quoted on the Oslo Stock Exchange (OSE).

U.S. holders of the shares, and possibly holders of shares in other jurisdictions as well, may not be able to receive trade or exercise pre-emptive rights for shares in **EMGS** unless a registration statement under the Securities Act (or similar provisions in other jurisdictions) is effective with respect to such rights or an exemption from the registration requirements of the Securities Act is available. **EMGS** is not currently subject to the reporting requirements of the U.S. Securities and Exchange Act of 1934 (the "**U.S. Exchange Act**"), or any other foreign jurisdictions reporting requirements, and currently has no intention to subject itself to such reporting. If U.S. holders of the shares, or holders of shares in other jurisdictions, are not able to receive, trade or exercise pre-emptive rights granted in respect of their shares in any issue of shares by **EMGS**, then they may not receive the economic benefit of such rights. Any such rights may, at the sole discretion of **EMGS**, be sold on behalf of such shareholders and such shareholders may receive any profits from such sale, but any profit will depend on the prevailing market prices for the pre-emptive rights. In addition, such shareholder's proportionate ownership interests in **EMGS** will be diluted.

2.3.5 Investors in the United States may have difficulty enforcing any judgment obtained in the United States against **EMGS or its directors or executive officers in Norway.**

EMGS is incorporated in Norway, and all current directors and executive officers reside outside the United States. All or a substantial portion of the assets of these persons and **EMGS** are located outside the United States. In addition, our auditors are also organized outside the United States. As a result, it may be difficult or impossible to serve process against any of these persons in the United States, including for U.S. securities laws violations. Furthermore, as all or substantially all the assets of these persons are located outside of the United States, it may not be possible to enforce judgments obtained in courts in the United States predicated upon civil liability provisions of the federal securities laws of the United States against these persons. Additionally, there is doubt as to the enforceability in Norway of civil liabilities based on the civil liability provisions of the securities laws of the United States.

2.3.6 Transfer of shares is subject to restrictions under the securities laws of the United States and other jurisdictions.

The shares of **EMGS** have not been registered under the Securities Act or any state securities laws in the United States or any other jurisdiction outside of Norway, and there are no plans to file for such registration. As such, the shares of **EMGS** may not be offered or sold except pursuant to an exemption from the registration requirements of the Securities Act and applicable securities laws. See also Section 18.2 "Selling and transfer restrictions – United States".

2.3.7 Shareholders outside of Norway are subject to exchange rate risk.

The shares of **EMGS** are priced in NOK, and any future payments of dividends or other distributions from **EMGS** will be denominated in NOK. Accordingly, any investor outside Norway is subject to adverse movements in the NOK against their local currency, as the foreign currency equivalent of any dividends paid on the shares or price received in connection with any sale of the shares could be material adversely affected.

2.4 Risk related to the Convertible Bonds

In addition to the risk factors described above, which also apply to the Convertible Bonds, the risk factors described in section 2.4 herein relate specifically to the Convertible Bonds.

Each potential investor in the Convertible Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Convertible Bonds, the merits and risks of investing in the Convertible Bonds and the information contained or incorporated by reference in this Prospectus or any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Convertible Bonds and the impact such investment will have on its overall investment portfolio;
- understand thoroughly the terms of the Convertible Bonds and be familiar with the behavior of financial markets in which they participate; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

2.4.1 Liquidity risk

There can be no assurance that a secondary market for the Convertible Bonds will provide the Bondholders with liquidity or that any such liquidity will continue for the life of the Convertible Bonds. Consequently, any purchaser of the Convertible Bonds must be prepared to hold such Convertible Bonds for an indefinite period of time or until final redemption, conversion or maturity of the Convertible Bonds. The liquidity and market value at any time of the Convertible Bonds are affected by, among other things, the market view of the credit risk of such Convertible Bonds and will generally fluctuate with general interest rate fluctuations, general economic conditions, the condition of certain financial markets, international political events, the performance and financial condition of the Company and developments and trends in the industry in general.

2.4.2 The market price of the Bonds may be volatile

The market price of the Convertible Bonds could be subject to significant fluctuations in response to actual or anticipated variations in the Group's operating results and those of its competitors, adverse business developments, changes to the regulatory environment in which the Group operates, changes in financial estimates by securities analysts and the actual or expected sale of a large number of Convertible Bonds, as well as other factors. In addition, the bond market may experience significant price and volume fluctuations for a variety of reasons, for example developments interest rates, which, if applicable, could adversely affect the market price of the Convertible Bonds without regard to the Group's operating results, financial conditions or prospects.

2.4.3 The Convertible Bonds may be redeemed prior to maturity

The Convertible Bonds are, following the date falling three years after the Settlement Date (as defined in the Bond Terms) redeemable at the Company's option. In case of such redemption, an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the Convertible Bonds. Further, this feature may affect the market value of the Convertible Bonds.

2.4.4 The bondholders of Convertible Bonds bear the risk of fluctuation in the price of the Shares

The market price of the Convertible Bonds is expected to be affected by fluctuations in the market price of the Shares. The price of the Shares may be affected by a number of risk factors as described in sections 2.1 – 2.3 of this Prospectus.

Future issues or sales of the Shares may significantly affect the trading price of the Convertible Bonds or the Shares. The future issue of Shares by the Company or the disposal of Shares by any of the major shareholders of

the Company or the perception that such issues or sales may occur may significantly affect the trading price of the Convertible Bonds and the Shares.

2.4.5 The Bondholders may become bound by resolutions which may negatively affect the value of the Convertible Bonds

The Terms Sheet includes certain provisions regarding the meeting of the Bondholders, such meetings may be held in order to resolve matters relating to the Bondholders' interests under the Convertible Bonds. The Bond Terms allows, subject to certain quorum and majority requirements, the meeting of the Bondholders to bind all Bondholders, including Bondholders who have not participated in or voted at the meeting or who have voted differently than the majority. Consequently, there may be a risk that a Bondholder becomes bound by resolutions which may negatively affect the value of the Convertible Bonds even if the Bondholder in question did not vote in favour of such resolution, abstained from voting or did not participate at the relevant meeting.

2.4.6 The Issuer's indebtedness under the Convertible Bonds

The Issuer will have substantial indebtedness under the Convertible Bonds which could have important consequences for the Bondholders because:

- the Issuer's ability to obtain additional financing for working capital, capital expenditure, asset acquisitions or general corporate purposes and its ability to satisfy its obligations under the Bonds, may be impaired in the future;
- the Issuer may be more vulnerable to general adverse economic and industry conditions;
- the Issuer may be at a competitive disadvantage compared to its competitors with less indebtedness or comparable indebtedness at more favourable interest rates and as a result, it may be worse positioned to withstand economic downturns;
- the Issuer's ability to refinance indebtedness may be limited or the associated costs may increase; and
- the Issuer's flexibility to adjust to changing market conditions and ability to withstand competitive pressures could be limited, or the Issuer could be prevented from carrying out capital expenditures that are necessary or important to the Issuer's growth strategy and efforts to improve operating margins or the Issuer's business.

3. RESPONSIBILITY STATEMENT

This Prospectus has been prepared by Electromagnetic Geoservices ASA in connection with the Rights Issue, and the Convertible Bond Issue, and Listing of the New Shares and the Convertible Bonds described herein.

The board of directors of Electromagnetic Geoservices ASA (the "**Board of Directors**") accepts responsibility for the information contained in this Prospectus. The members of the Board of Directors confirm that, after having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.

Oslo, 19 April 2018

The Board of Directors of Electromagnetic Geoservices ASA

Eystein Eriksrud
Chairman

Adam Robinson
Board Member

Petteri Soininen
Board Member

Anne Øian
Board Member

Johan Kr. Mikkelsen
Board Member

Mimi K. Berdal
Board Member

Marte Karlsen
Board Member

4. CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Prospectus contains forward-looking- statements that reflect the Company's current views with respect to future events, financial and operating performance as well as future market conditions. These forward-looking statements may be identified using forward-looking terminology, such as "believe", "anticipate", "aim", "expect", "project", "estimate", "predict", "intend", "target", "assume", "may", "might", "could", "should", "will" or, in each case, their negative, or other variations or comparable terminology that are intended to identify such forward-looking- statements. These forward-looking statements are not historic facts. Forward-looking- statements appear *inter alia* in the following Sections of this Prospectus, Section 7 "Presentation of EMGS", Section 8 "Legal proceedings", Section 9 "Industry and market data", Section 10 "Board of Directors, management and employees" and Section 11 "Historical financial information".

These forward-looking- statements address matters such as:

- production capacity, technological developments and other trends in the business in which **EMGS** operates;
- **EMGS'** business strategies, including geographical, technological and logistical developments and targets;
- utilisation levels for the vessels **EMGS** charters and its other equipment;
- future capital expenditures, investments in **EMGS'** business, working capital requirements and dividends;
- governmental, tax, environmental and other regulations that govern **EMGS'** business and industry; and
- future exposure to interest rate changes, currency devaluations or exchange rate fluctuations, in particular fluctuations in the value of the U.S. dollar to NOK.

By their nature, forward-looking- statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. While **EMGS** has prepared these forward-looking statements in good faith and on the basis of assumptions it believes to be reasonable, **EMGS** cautions potential investors that forward-looking statements are not guarantees or warranties of future performance and that its actual financial condition, actual results of operations and cash flows and the development of the markets or industry in which it operates may differ materially from those made in or implied by the -forward-looking-statements contained in this Prospectus. Important factors that could cause those differences include, (but are not limited to):

- the effect of changes in demand, pricing and competition for **EMGS'** services, increased competition from its competitors or changes in the global demand for oil and gas;
- **EMGS'** ability to protect its existing proprietary technologies;
- technological changes and new products and services introduced into **EMGS'** market and industry;
- the risks and costs associated with international services;

- level of required repair, maintenance expenditures and replacement costs on the vessels **EMGS'** charters and its other equipment;
- the ability to secure sufficient employment opportunities for the new vessels as such vessels are being delivered;
- adverse regulatory, legislative and judicial developments;
- **EMGS'** failure to attract and retain a sufficient number of skilled personnel;
- the adverse impact of currency exposures; and
- the impact of worldwide economic, political and business conditions.

Additional factors that could cause the Company's actual results, performance or achievements to differ materially include, but are not limited to, those discussed under Section 2 "Risk factors", in this Prospectus.

These forward-looking- statements hold only as of the date of this Prospectus. **EMGS** undertakes no obligation to publicly update or revise any forward-looking- statements, whether as a result of new information, future events or otherwise, other than as required by law or regulation.

Given the aforementioned uncertainties, prospective investors are cautioned not to place undue reliance on any of these forward-looking- statements.

5. THE RIGHTS ISSUE AND THE NEW SHARES

5.1 Overview

This Section gives a detailed overview of the Rights Issue and the New Shares. The terms and conditions presented below are valid for all investors subscribing in the Rights Issue. **EMGS** intends to conduct a share offering of minimum NOK 77,500,002 and maximum 96,874,999 (the "**Rights Issue**"). The capital raised in the Rights Issue will be raised to strengthen the Company's financial position and will be used for general corporate purposes. Specifically, this includes covering operational costs in the event that annual revenues are not sufficient to cover the Company's cost base, any short-term liquidity needs related to quarterly variations in revenue, servicing **EMGS'** existing and, as the case may be, future obligations to service debt, including repayment of any debt obligations in their ordinary course and further investments made in the ordinary course of **EMGS'** on-going investments in R&D, multi-client and property, plant and equipment.

The subscription price payable for each of the New Shares in the Rights Issue is payable in NOK.

The Rights Issue comprises of a share issue of minimum 31,632,654 and maximum 39,540,816 new shares at NOK 2.45 per new share (the "**New Shares**") directed towards the shareholders of **EMGS** as of close of the Oslo Stock Exchange on 17 April 2018, as registered in the Norwegian Central Security Depository ("**VPS**") on 19 April 2018 (the "**Record Date**"), who are not resident in a jurisdiction where such offering would be unlawful or would (in jurisdictions other than Norway) require any prospectus filing, registration or similar action (the "**Eligible Shareholders**").

The Rights Issue has been underwritten by certain major shareholders up to a maximum amount equal to the NOK equivalent of USD 10 million, being, for the purposes of their underwriting obligation, a NOK amount of 77.5 million.

The timetable below provides certain indicative key dates for the Rights Issue:

Last day of trading in the Shares incl. the right to receive Subscription Rights in the Rights Issue	17 April 2018
First day of trading in the Shares excl. the right to receive Subscription Rights in the Rights Issue	18 April 2018
Record Date	19 April 2018
Start of Subscription Period	20 April 2018 at 09:00 CET
First day of trading of Subscription Rights on Oslo Børs	20 April 2018 at 09:00 CET
End of trading of Subscription Rights on Oslo Børs	2 May 2018 at 16:30 CET
End of Subscription Period	4 May 2018 at 12:00 CET
Allocation of New Shares	7 May 2018 (expected)
Distribution of allocation letters	7 May 2018 (expected)
Payment Date for the New Shares	9 May 2018
Registration of share capital increase	14 May 2018 (expected)

Date of delivery of New Shares	15 May 2018 (expected)
Listing and first day of trading of the New Shares on Oslo Børs	15 May 2018 (expected)

The above dates are indicative and subject to change.

5.2 Resolution regarding the Rights Issue

In a board meeting of the Company held on 1 March 2018 (the "**Board Meeting**"), it was resolved to propose to the shareholders of **EMGS** that an increase of the share capital of the Company is carried out through the issuance of New Shares with preferential Subscription Rights for the shareholders, raising the share capital with a minimum of NOK 14,000,000 and a maximum of NOK 70,833,333.

At the extraordinary general meeting held on 23 March 2018 (the "**EGM**") the following resolution regarding the partially underwritten Rights Issue was proposed and approved:

3 Approval of underwritten rights issue

- (1) The share capital shall be increased by a minimum of NOK 14,000,000 and a maximum of NOK 70,833,333, by the issuance of a minimum 14,000,000 and maximum 70,833,333 new shares, each having a face value of NOK 1 (the New Shares).*
- (2) The Board may decide the subscription price for the New Shares within a range of a minimum of NOK 1.5 per share and a maximum of NOK 5 per share (the Subscription Price). The Board of Directors shall determine the Subscription Price based on market practice, taking into account the dilution by the actual number of New Shares*
- (3) Shareholders as of end of 17 April 2018 (the Inclusive Date) as registered with the VPS on 19 April 2018 (the Record Date), and who lawfully may receive subscription rights and New Shares without the Company having to file for registration pursuant to local laws and regulations (for the purposes of this item 3, Eligible Shareholders) will receive preferential rights to subscribe for and be allotted the New Shares in proportion to their registered holdings of shares in the Company as of the Record Date. Transferable subscription rights (each a Subscription Right) will be issued to Eligible Shareholders. In case of any delay in the approval of the prospectus required in connection with the rights issue, these dates will be delayed accordingly as the Board may decide.*
- (4) The New Shares must be subscribed from 20 April 2018 and no later than 4 May 2018 (the Subscription Period). In case of any delay in the approval of the prospectus required in connection with the rights issue, these dates will be delayed accordingly as the Board may decide.*
- (5) A portion of the issue of the New Shares equal to a maximum amount equal to the NOK equivalent of USD 10 million is underwritten by Siem Investments Inc., Perestroika AS, and RWC European Focus Master Inc (each an Underwriter and, together, the Underwriters).*
- (6) The underwriting is regulated by underwriting agreements entered into between the Company and the respective Underwriters on or about 8 March 2018 (the Underwriting Agreements). According to the Underwriting Agreements, each of the Underwriters have, severally, and not jointly, and on a pro rata up to the maximum amount undertaken by each of them, undertaken to subscribe for the New Shares*

not subscribed for during the Subscription Period. The underwriting obligation of each Underwriter does not include a guarantee for the payment by any subscriber or any other Underwriter of their subscription amount in the Rights Issue. The Underwriters will receive a guarantee commission of 1.5% of their guaranteed amount, subject to completion of the Rights Issue or, as the case may be, certain other events. Each Underwriter's obligation will be reduced on a share for share basis with the number of New Shares subscribed for in the Rights Issue and allocated to it.

- (7) Subscription of New Shares without Subscription Rights is not allowed. Holders of Subscription Rights may subscribe for a number of New Shares which exceeds the number of Subscription Rights held.*
- (8) If not all Subscription Rights are validly exercised in the Subscription Period, subscribers having exercised their Subscription Rights and who have over-subscribed will have the right to be allocated remaining New Shares on a pro rata basis based on the number of Subscription Rights exercised by the subscriber. In the event that pro rata allocation is not possible, the Company will determine the allocation by lot drawing.*
- (9) Any remaining New Shares not allocated pursuant to the criteria set out in section (8) above will be subscribed by and allocated to the Underwriters to the extent the Underwriters have not fulfilled their underwriting obligations through subscription for shares in the Subscription Period, based on and in accordance with their respective underwriting obligations.*
- (10) Payment for New Shares shall take place no later than 9 May 2018 to the Company's share issue account no. 1503.27.95967. In case of any delay in the approval of the prospectus required in connection with the rights issue, this date will be delayed accordingly as the Board of Directors may decide.*
- (11) The New Shares entitle the holder to dividend as from the time of registration with the Norwegian Register of Business Enterprises.*
- (12) The estimated fees for the Company associated with the rights issue, including the underwriting commission, is approximately NOK 2.3 million.*
- (13) Section 4 of the articles of association shall be amended so as to reflect the share capital and the number of shares after the share capital increase.*

5.3 The Underwriting and the Underwriting Syndicate

The Rights Issue is partially underwritten by the investors set out below (the "**Underwriters**", collectively the "**Underwriting Syndicate**"). The table below sets out the Underwriters, as well as the maximum amount each Underwriter has agreed and undertaken to guarantee the subscription of.

Underwriter	Address	Guaranteed amount (NOK equivalent of USD)
Siem Investments Inc.	PO Box 309, Ugland House, South Church Street, George Town, KY1-1104, Cayman Island	USD 4,000,000
Perestroika AS	Statsminister Michelsens veg 38, 5230 Paradis	USD 4,000,000
RWC European Focus Master Inc.	94 Solaris Avenue, Camana Bay, Grand Cayman KY-1108, Cayman Islands	USD 2,000,000
Total		USD 10,000,000

The underwriting is regulated by underwriting agreements between the Company and the respective Underwriters entered into on 8 March 2018 (the "**Underwriting Agreements**"). According to the Underwriting Agreements, each of the Underwriters have severally and not jointly and on a pro rata basis and up to the maximum amount undertaken by each of them, undertaken to subscribe for the New Shares not subscribed for during the Subscription Period. The underwriting obligation of each Underwriter does not include a guarantee for the payment by any subscriber or any other Underwriter of their subscription amount in the Rights Issue.

The Underwriters have, through the Underwriting Agreement, undertaken to subscribe for a number of New Shares equal to the lower of the number of New Shares for which the respective Underwriter has received Subscription Rights in the Rights Issue and such Underwriters guaranteed amount (as defined above). The Underwriters have undertaken to do this on the first day of the Subscription Period. As such, each of the Underwriters described above have each undertaken to subscribe for the following minimum amount in the Rights Issue on the first day of the Subscription Period:

- As of the Record Date, Siem Investments Inc. had a registered holding of 21,869,450 shares in the Company and will receive 9,458,017 Subscription Rights in the Rights Issue, corresponding to 23.92% of the Subscription Rights in the Rights Issue. This is less than what Siem Investment Inc. has guaranteed for and Siem Investments Inc. has therefore undertaken to subscribe for at least 9,458,017 shares in the Rights Issue.
- As of the Record Date, Perestroika AS had a registered holding of 20,560,847 shares in the Company and will receive 8,892,077 Subscription Rights in the Rights Issue, corresponding to 22.49% of the Subscription Rights in the Rights Issue. This is less than what Perestroika AS has guaranteed for and Perestroika AS has therefore undertaken to subscribe for at least 8,892,077 shares in the Rights Issue.
- As of the Record Date, RWC European Master Inc. had a registered holding of 18,074,938 shares in the Company and will receive 7,816,981 Subscription Rights in the Rights Issue, corresponding to 19.77% of the subscription rights in the Rights Issue. This is more than what RWC European Master Inc. has guaranteed for and RWC European Master Inc. has therefore undertaken to subscribe for at least 6,326,531 shares in the Rights Issue.

In addition, and as further described in Section 5.21 Interests of natural and legal persons involved in the Rights Issue both Siem Investments Inc. and Perestroika AS hold a position in the Company's Existing Bond Issue.

The Underwriters will receive a guarantee commission of 1.5% of their guaranteed amount, subject to completion of the Rights Issue.

Each Underwriter's obligation will be reduced on a share for share basis with the number of New Shares subscribed for in the Rights Issue and allocated to it.

5.4 Participation of major existing shareholders and members of the Company's management, supervisory and administrative bodies in the Rights Issue

Eystein Eriksrud (Chairman of the Board of Directors), Mimi K. Berdal (Director) and Johan Kr. Mikkelsen (Director) have indicated that they will subscribe for New Shares in the Rights Issue. Eriksrud will subscribe through Laburnum AS, and Berdal will subscribe through MKB Invest AS. Mr Eriksrud and Ms Berdal (through their respective investment companies), are entitled to receive Subscription Rights.

Christiaan Vermeijden (CEO), Hege Veiseth (CFO), Dag Helland-Hansen (Global Exploration Advisor) and Øyvind Greaker Bjørndal (CLC) have indicated that they intend to subscribe for New Shares in the Rights Issue.

In addition, the Underwriters are committed to subscribe for the New Shares as described in Section 5.3 "The Underwriting and the Underwriting Syndicate. Other than this, the Company is not aware of any major shareholders of the Company or members of the Board of Directors or Management who intend to apply for New Shares in the Rights Issue, or who intend to apply for more than 5 % of the New Shares.

5.5 Record Date

Existing Shareholders as of 17 April 2018 and being registered as such in the VPS on 19 April 2018 will receive Subscription Rights.

Provided that the delivery of traded **EMGS** shares were made with ordinary T+2 settlement in the VPS, **EMGS** shares that were acquired until and including 17 April 2018 will give the right to receive Subscription Rights. The first day of trading without the right to receive Subscription Rights is 18 April 2018. Transactions in the existing Shares made on or before this date, but which have not been registered in the VPS within the Record Date will be disregarded for the purposes of determining the allocation of Subscription Rights.

5.6 Subscription Period

The Subscription Period in the Rights Issue will commence at 09:00 CET on 20 April 2018 and expire at 12:00 CET on 4 May 2018. The Subscription Period may be extended by the Board of Directors. An extension, if any, will be announced by a press release through Oslo Børs' information system (www.newsweb.no) and on **EMGS'** webpage (www.emgs.com), at least 24 hours before the close of the subscription period prior to such extension. In case of an extension of the Subscription Period, all relevant deadlines will be extended accordingly. The Subscription Period may not be closed earlier than 12:00 CET on 4 May 2018 and may not be closed later than 25 May 2018.

5.7 Subscription Price

The subscription price for one (1) New Share in the Rights Issue is NOK 2,45 (the "**Subscription Price**"). The Subscribers in the Rights Issue (the "**Share Subscribers**") will not incur any costs related to the subscription for, or allotment of, the New Shares.

5.8 Subscription Rights

The Rights Issue comprises of 39,540,816 tradable Subscription Rights. Each Existing Shareholder will be granted 0.43247 Subscription Rights for every **EMGS** share owned as of the Record Date. The number of Subscription Rights granted to each Existing Shareholder will be rounded down to the nearest whole Subscription Right. One

Subscription Right will, subject to applicable securities law, give the holder the right to subscribe for and be allocated one (1) New Share in the Company in the Rights Issue.

The Subscription Rights will be credited to and registered on each Existing Shareholder's VPS account on or about 20 April 2018 under ISIN NO 0010821036. The Subscription Rights will be distributed free of charge, and the recipient of subscription rights will not be debited any costs.

The Subscription Rights may be used to subscribe for New Shares in the Rights Issue before the expiry of the Subscription Period at 12:00 CET on 4 May 2018 or alternatively be sold before the end of trading in Subscription Rights on Oslo Børs at 16:30 CET on 2 May 2018. There is no difference between acquired Subscription Rights and Subscription Rights allocated to Eligible Shareholders of **EMGS** as of the Record Date. The Subscription Rights, including acquired Subscription Rights, must be used to subscribe for New Shares before the end of the Subscription Period (i.e. 12:00 CET on 4 May 2018). Subscription Rights which are not sold before end of trading on Oslo Børs on 2 May 2018 or exercised before the end of the Subscription Period will have no value and will lapse without compensation to the holder. Holders of Subscription Rights (whether granted or acquired) should note that subscriptions for New Shares must be made in accordance with the procedures set out in this Prospectus.

Oversubscription is permitted and there are no limitations on the number of shares that can be subscribed for. See details in Sections 5.10 Subscription procedures and subscription office and 5.12 "Mechanism of allocation" below regarding subscription procedures and allocation mechanisms. However, no assurance can be given that New Shares will be allocated for such subscriptions.

Subscription Rights of Existing Shareholders resident in jurisdictions where this Prospectus may not be distributed and/or with legislation that, according to the Company's assessment, prohibits or otherwise restricts subscription for New Shares (the "**Ineligible Shareholders**") will initially be credited to such Ineligible Shareholders' VPS accounts. Such credit specifically does not constitute an offer to Ineligible Shareholders to subscribe for New Shares. The Company may, as far as possible, withdraw the Subscription Rights from such Ineligible Shareholders' VPS accounts. The Company may, but shall not have an obligation to, sell such Subscription Rights from and including the day before the final trading day of subscriptions (i.e. 30 April 2018) until the final day of trading in subscriptions (i.e. 2 May 2018) for the account and risk of such Ineligible Shareholders, unless the relevant Subscription Rights are held through a financial intermediary.

The Company will instruct DNB Registrar's Department (the "**Receiving Agent**") to use commercially reasonable efforts to procure that the Subscription Rights withdrawn from the VPS accounts of Ineligible Shareholders (and that are not held through financial intermediaries) are sold on behalf of, and for the benefit of, such Ineligible Shareholders during said period, provided that (i) the Receiving Agent is able to sell the Subscription Rights at a price at least equal to the anticipated costs related to the sale of such Subscription Rights, and (ii) the relevant Ineligible Shareholder has not by 16.30 CET on 2 May 2018 documented to the Company through the Receiving Agent a right to receive the Subscription Rights withdrawn from its VPS account, in which case the Receiving Agent shall re-credit the withdrawn Subscription Rights to the VPS account of the relevant Ineligible Shareholders. The proceeds from the sale of the Subscription Rights (if any), after deduction of customary sales expenses, will be credited to the Ineligible Shareholder's bank account registered in the VPS for payment of dividends, provided that the net proceeds attributable to such Ineligible Shareholder amount to or exceed NOK 300. If an Ineligible Shareholder does not have a bank account registered in the VPS, the Ineligible Shareholder must contact the Receiving Agent to claim the proceeds. If the net proceeds attributable to an Ineligible Shareholder are less than NOK 300, such amount will be retained for the benefit of the Company. There can be no assurance that the Receiving Agent will be able to withdraw and/or sell the Subscription Rights at a profit or

at all. Other than as explicitly stated above, neither the Company nor the Receiving Agent will conduct any sale of Subscription Rights not utilised before the end of the Subscription Period.

5.9 Trading in Subscription Rights

The Subscription Rights are fully tradable and transferable and will be listed on Oslo Børs with ticker code "EMGS S" and registered in VPS with ISIN NO 0010821036. Trading in the Subscription Rights on Oslo Børs may take place from and including 09:00 CET on 20 April 2018 and until 16:30 CET on 2 May 2018.

Persons intending to trade in Subscription Rights should be aware that the exercise of Subscription Rights by holders located in jurisdictions outside Norway, may be restricted or prohibited by applicable securities laws. Please refer to Section 18 "Selling and transfer restrictions" for a description of such restrictions and prohibitions.

5.10 Subscription procedures and subscription office

Subscriptions for New Shares must be made on a subscription form (the "**Share Subscription Form**"), attached as Appendix A hereto, or through the VPS online subscription system which can be found by following the links on www.emgs.no. The VPS online subscription system is only available for Norwegian citizens. To use the online subscription system, the Share Subscriber must have, or obtain, a VPS account number. All online Share Subscribers must verify that they are Norwegian citizens by entering their national identity number (Norwegian: "personnummer").

Online subscriptions must be submitted by 12:00 CET on 4 May 2018, and accurately completed Share Subscription Forms must be received by the Receiving Agent by 12:00 CET on 4 May 2018. Neither the Company nor the Receiving Agent may be held responsible for postal delays, internet lines, servers or other logistical or technical problems that may result in subscriptions not being received in time or at all by the Receiving Agent. Share Subscription Forms received after the end of the Subscription Period and/or incomplete or incorrect Share Subscription Forms and any subscription that may be unlawful may be disregarded at the sole discretion of the Company and/or the Receiving Agent without notice to the Share Subscriber.

Properly completed and signed Subscription Forms may be e-mailed to retail@dnb.no mailed or delivered to the Receiving Agent at the address below:

DNB Registrar's Department
Dronning Eufemias gate 30
P.O. Box 1600 Sentrum
0021 Oslo]

Subscriptions are binding and irrevocable, and cannot be withdrawn, cancelled or modified by the Share Subscriber after having been received by the Receiving Agent. The Share Subscriber is responsible for the correctness of the information entered into the Share Subscription Form. By signing and submitting a Share Subscription Form, the Share Subscribers confirm and warrant that they have read this Prospectus and are eligible to subscribe for New Shares under the terms set forth herein.

There is no minimum subscription amount for which subscriptions in the Rights Issue must be made. Oversubscription (i.e. subscription for more New Shares than the number of Subscription Rights held by the Share Subscriber entitles the Share Subscriber to be allocated) is permitted. However, there can be no assurance that New Shares will be allocated for such subscriptions. See Section "Mechanism of allocation" below for further details on applicable allocation principles.

Multiple subscriptions (i.e., subscriptions on more than one Share Subscription Form) are allowed. Please note, however, that two separate Share Subscription Forms submitted by the same Share Subscriber with the same number of New Shares subscribed for on both Share Subscription Forms will only be counted once unless otherwise explicitly stated in one of the Share Subscription Forms. In the case of multiple subscriptions through the VPS online subscription system or subscriptions made both on a Share Subscription Form and through the VPS online subscription system, all subscriptions will be counted.

5.11 Financial Intermediaries

All persons or entities holding Shares or Share Subscription Rights through financial intermediaries (i.e., brokers, custodians and nominees) should read this Section 5.11 "Financial Intermediaries". All questions concerning the timeliness, validity and form of instructions to a financial intermediary in relation to the exercise, sale or purchase of Share Subscription Rights should be determined by the financial intermediary in accordance with its usual customer relations procedure or as it otherwise notifies each beneficial shareholder.

The Company is not liable for any action or failure to act by a financial intermediary through which Shares, or Subscription Rights are held.

5.11.1 Subscription Rights

If an Existing Shareholder holds Shares registered through a financial intermediary on the Record Date, the financial intermediary will customarily give the Existing Shareholder details of the aggregate number of Share Subscription Rights to which it will be entitled. The relevant financial intermediary will customarily supply each Existing Shareholder with this information in accordance with its usual customer relations procedures. Existing Shareholders holding Shares through a financial intermediary should contact the financial intermediary if they have received no information with respect to the Rights Issue.

Subject to applicable law, Eligible Shareholders holding Shares through a financial intermediary may instruct the financial intermediary to sell some or all of their Share Subscription Rights, or to purchase additional Subscription Rights on their behalf. Please refer to Section 18 "Selling and transfer restrictions" for a description of certain restrictions and prohibitions applicable to the sale and purchase of Share Subscription Rights in certain jurisdictions outside Norway.

Ineligible Shareholders who hold their Shares through a financial intermediary will not be entitled to exercise their Share Subscription Rights but may, subject to applicable law, instruct their financial intermediaries to sell their Share Subscription Rights transferred to the financial intermediary. Neither the Company, nor the Receiving Agent will sell any Share Subscription Rights transferred to financial intermediaries.

5.11.2 Subscription Period and Period for Trading in Share Subscription Rights

The time by which notification of exercise instructions for subscription of New Shares must validly be given to a financial intermediary, may be earlier than the expiry of the Subscription Period. The same applies for instructions pertaining to trading in Share Subscription Rights and the last day of trading in such rights (which accordingly will be a deadline earlier than the end of trading of Share Subscription Rights on Oslo Børs on 2 May 2018 at 16:30 CET). Such deadlines will depend on the financial intermediary. Eligible Shareholders who hold their Shares through a financial intermediary should contact their financial intermediary if they are in any doubt with respect to deadlines.

5.11.3 Subscription

Any Eligible Shareholder who holds its Share Subscription Rights through a financial intermediary and wishes to exercise its Share Subscription Rights, should instruct its financial intermediary in accordance with the instructions received from such financial intermediary. The financial intermediary will be responsible for collecting exercise instructions from the Eligible Shareholders and for informing the Receiving Agent of their exercise instructions.

A person or entity who has acquired Share Subscription Rights that are held through a financial intermediary, should contact the relevant financial intermediary for instructions on how to exercise the Share Subscription Rights.

Please refer to Section 18 "Selling and transfer restrictions" for a description of certain restrictions and prohibitions applicable to the exercise of Share Subscription Rights in certain jurisdictions outside Norway.

5.11.4 Method of payment

Any Eligible Shareholder who holds its Share Subscription Rights through a financial intermediary should pay the Subscription Price for the New Shares that are allocated to it in accordance with the instructions received from the financial intermediary. The financial intermediary must pay the Subscription Price in accordance with the instructions in this Prospectus. Payment by the financial intermediary for the New Shares must be made to the Receiving Agent, in accordance with Section 5.13 "Payment of New Shares", no later than the Payment Date. Accordingly, financial intermediaries may require payment to be provided to them prior to the Payment Date.

5.12 Mechanism of allocation

Allocation of the New Shares will take place after the expiry of the Subscription Period on or about 7 May 2018. In accordance with the resolution passed by the EGM of the Company on 23 March 2018, the allocation of the New Shares will be made according to the following criteria:

- (i) Allocation will be made to Share Subscribers based on granted and acquired Subscription Rights which have been validly exercised during the Subscription Period. Each Subscription Right will give the right to subscribe for and be allocated one (1) new share.
- (ii) If not all Subscription Rights are validly exercised in the Subscription Period, Share Subscribers having exercised their Subscription Rights and who have oversubscribed will have the right to be allocated remaining New Shares on a pro rata basis based on the number of Subscription Rights exercised by the Share Subscriber. If pro rata allocation is not possible, the Company will determine the allocation by lot drawing.
- (iii) Any remaining new shares not allocated pursuant to the criteria in items (i) and (ii) above will be subscribed by and allocated to the Underwriters to the extent the Underwriters have not fulfilled their underwriting obligations through subscription for shares in the subscription period, based on and in accordance with their respective underwriting obligations.

The Board of Directors reserves the right to round off, reject or reduce any subscription for New Shares not covered by Subscription Rights. The Company will not allocate fractional New Shares.

Allocation of fewer New Shares than subscribed for by a Share Subscriber will not impact the Share Subscriber's obligation to pay for the number of New Shares allocated.

The result of the Rights Issue is expected to be published on or about 7 May 2018 in the form of a stock exchange notification from the Company through Oslo Børs' information system. Notifications of allocated New Shares and the corresponding subscription amount to be paid by each Share Subscriber are expected to be distributed on or about 7 May 2018. Share Subscribers having access to investor services through their VPS account manager will be able to check the number of New Shares allocated to them from 14:00 CET on 7 May 2018. Share Subscribers who do not have access to investor services through their VPS account manager may contact the Receiving Agent from 14:00 CET on 7 May 2018 to obtain information about the number of New Shares allocated to them.

5.13 Payment of New Shares

The payment for New Shares allocated to a Share Subscriber falls due on 9 May 2018 (the "**Payment Date**"). Payment must be made in accordance with the requirements set out below.

5.13.1 Share Subscribers who have a Norwegian bank account

Share Subscribers who have a Norwegian bank account must, and will by signing the Subscription Form, provide the Receiving Agent with a one-time irrevocable authorisation to debit a specified bank account with a Norwegian bank for the amount payable for the New Shares which are allocated to the Share Subscriber.

The specified bank account is expected to be debited on the Payment Date. However, there must be sufficient funds in the specified bank account from and including 8 May 2018. The Receiving Agent is only authorised to debit such account once but reserves the right to make up to three debit attempts, and the authorisation will be valid for up to seven working days after the Payment Date.

The Share Subscriber furthermore authorises the Receiving Agent to obtain confirmation from the Share Subscriber's bank that the Share Subscriber has the right to dispose over the specified account and that there are sufficient funds in the account to cover the payment.

If there are insufficient funds in a Share Subscriber's bank account or if it for other reasons is impossible to debit such bank account when a debit attempt is made pursuant to the authorisation from the Share Subscriber, the Share Subscriber's obligation to pay for the New Shares will be deemed overdue. If payment for the allotted New Shares is not received when due, the New Shares will not be delivered to the Share Subscriber, and the Board of Directors reserves the right, at the risk and cost of the Share Subscriber, to cancel the subscription in respect of the New Shares for which payment has not been made, or to sell or otherwise dispose of the New Shares, and hold the Share Subscriber liable for any loss, cost or expense suffered or incurred in connection therewith. The original Share Subscriber remains liable for payment of the entire amount due, including interest, costs, charges and expenses accrued, and the Receiving Agent may enforce payment of any such amount outstanding.

Payment by direct debiting is a service that banks in Norway provide in cooperation. In the relationship between the Share Subscriber and the Share Subscriber's bank, the standard terms and conditions for "Payment by Direct Debiting – Securities Trading", which are set out on page 2 of the Subscription Form, will apply, provided, however, that Share Subscribers who subscribe for an amount exceeding NOK 5 million by signing the Subscription Form provide the Receiving Agent with a one-time irrevocable authorisation to directly debit the specified bank account for the entire subscription amount.

5.13.2 Share Subscribers who do not have a Norwegian bank account

Share Subscribers who do not have a Norwegian bank account must ensure that payment with cleared funds for the New Shares allocated to them is made on May 9 2018 at 10:00 CET at the latest. Prior to any such payment being made, the Share Subscriber must contact the Receiving Agent for further details and instructions.

5.13.3 Overdue payments

Overdue and late payments will be charged with interest at the applicable rate from time to time under the Norwegian Act on Interest on Overdue Payment of 17 December 1976 No. 100, currently 8.50% per annum. If a Share Subscriber fails to comply with the terms of payment, the New Shares will, subject to the restrictions in the Public Limited Companies Act and at the discretion of the Receiving Agent, not be delivered to the Share Subscriber.

5.14 VPS registration of the New Shares

The New Shares will be registered in book-entry form with VPS under ISIN NO 001 035 8484.

The New Shares will not be delivered to the Share Subscribers' VPS account before they are fully paid, the share capital increase relating to the issuance of the New Shares has been registered with the Norwegian Register for Business Enterprises and the New Shares have been registered in the VPS.

5.15 Delivery and listing of the New Shares

All Share Subscribers subscribing for New Shares must have a valid VPS account (established or maintained by an investment bank or Norwegian bank that is entitled to operate VPS accounts) to receive New Shares. It is expected that the share capital increase relating to the issue of the New Shares in the Rights Issue will be registered in the Norwegian Register of Business Enterprises on or about 14 May 2018 and that the New Shares will be delivered to the Share Subscribers' VPS accounts on or about 15 May 2018 (subject to payment being received from the Share Subscribers). The final deadline for registration of the share capital increase pertaining to the Rights Issue in the Norwegian Register of Business Enterprises, and hence for the subsequent delivery of the New Shares, is, pursuant to the Norwegian Public Limited Companies Act, three months from the expiry of the Subscription Period (i.e. 4 May 2018).

Share Subscribers should be aware that delivery of the New Shares will only be made if the Share Subscriber pays for the New Shares.

All the New Shares will be object for an application for admission to trading on Oslo Børs. The New Shares will not be sought or admitted to trading on any other regulated market than Oslo Børs.

The New Shares may not be traded on Oslo Børs before they are fully paid, issued and registered in the VPS.

5.16 The rights conferred by the New Shares

The New Shares will in all respects be equal to the existing Shares of the Company once the New Shares have been issued and registered with the Norwegian Register of Business Enterprises, expected on or about 14 May 2018 and hereunder have the right to receive dividends, if any.

For a description of rights attached to the Shares in the Company, see Section 12 "Shares and share capital".

5.17 Share capital following the Rights Issue

The number of New Shares to be issued is minimum 31,632,654 and maximum 39,540,816 all with a nominal value of NOK 1.00 per share. Thus, the Company's share capital following the Rights Issue will be minimum NOK 123,061,528.00 consisting of 123,061,528 shares each with a par value of NOK 1.00 and maximum NOK 130,969,690.00 consisting of 130,969,690 shares each with a par value of NOK 1.00.

5.18 Dilution

Existing shareholders who do not participate in the Rights Issue are subject to a direct dilution of minimum 25.70% and maximum 30.19%, as set forth in the table below.

	<i>Number of shares (min)</i>	<i>Number of shares (max)</i>
<i>Pre Rights Issue</i>	<i>91,428,874</i>	<i>91,428,874</i>
<i>Effect of Rights Issue</i>	<i>31,632,654</i>	<i>39,540,816</i>
<i>Post Rights Issue</i>	<i>123,061,528</i>	<i>130,969,690</i>
<i>Dilution effect</i>	<i>25.70%</i>	<i>30.19%</i>

5.19 Publication of information relating to the Rights Issue

In addition to press releases at the Company's website, the Company will use Oslo Børs' information system to publish information in respect of the Rights Issue.

General information on the result of the Rights Issue is expected to be published on or about 4 May 2018 in the form of a release through Oslo Børs' information system and the Company's website, www.emgs.com. All Share Subscribers being allocated New Shares will receive a letter from the VPS confirming the number of New Shares transferred to the Share Subscribers' VPS account.

5.20 Expenses and net proceeds

The Company will bear the fees and expenses related to the Rights Issue, which are estimated to amount to approximately NOK 2.3 million. Thus, net proceeds from the Rights Issue will be between approximately NOK 75.2 million and NOK 94.6 million (depending on the final gross proceeds). No expenses or taxes will be charged by the Company or the Receiving Agent to the Share Subscribers in the Rights Issue.

5.21 Interests of natural and legal persons involved in the Rights Issue

Shareholders, associated with the following members of the Board of Directors are part of the Underwriting Syndicate:

- Siem Investments Inc., a company in which the Chairman of the Board of Directors, Eystein Eriksrud, is associated with, has guaranteed the NOK equivalent of USD 4,000,000 (40%) of the Rights Issue.
- Perestroika AS, a company in which the Board Member Johan Kr. Mikkelsen is associated with, has guaranteed for NOK equivalent of USD 4,000,000 (40%) of the Rights Issue.
- RWC European Master Inc., a company in which the Board Member Petteri Soininen is associated with, has guaranteed for NOK equivalent of USD 2,000,000 (20 %) of the Rights Issue.

As a part of the Underwriting Syndicate each of the Underwriters have on the first day of the Subscription Period undertaken to subscribe for the lowest of their relative shareholding in the Rights Issue and their underwriting commitment.

The Underwriters will thus be allocated the remaining New Shares not subscribed for up to the NOK equivalent of USD 10 million in the event that the Rights Issue is not fully subscribed, and as such have an interest in the Rights Issue.

The Underwriters will receive a guarantee commission of 1.5% of their guaranteed amount, subject to completion of the Rights Issue or, as the case may be, certain other events.

Further, in connection with the Rights Issue the Underwriters, Board Members and members of the Executive Management may receive Subscription Rights (if they are Eligible Shareholders) and may exercise their right to take up such Subscription Rights and subscribe for New Shares, and in that capacity, may retain, purchase or sell Subscription Rights or New Shares and any other securities of the Company or other investments for their own account and may offer or sell such securities (or other investments) other than in connection with the Rights Issue. The Underwriters do not intend to disclose the extent of any such investments or transactions other than in accordance with any legal or regulatory obligation to do so.

The following members of the Board of Directors and the Underwriting Syndicate do also hold a position in the Existing Bond Issue:

- Siem Investments Inc., a company which the Chairman of the Board of Directors, Eystein Eriksrud, is associated with, holds NOK 91.0 million (36.99 %) of the Existing Bond Issue.
- Perestroika AS, a company which the Board Member Johan Kr. Mikkelsen is associated with, held NOK 21.0 million (8.54 %) of the Existing Bond Issue.

Except from the above, the Company is not aware of any other material interests to the Rights Issue involving any Board Members or Executive Management of the Company.

The Receiving Agent and its affiliates may provide in the future, investment and commercial banking services to the Company and its affiliates in the ordinary course of business, for which they may receive customary fees and commissions. The Receiving Agent will receive a fee, which will vary with the number of Share Subscribers and the number of man hours outside ordinary working hours spent by the Receiving Agent, in relation to the Rights Issue.

Other than what is set out above, there are no other interests (including conflict of interests) of natural and legal persons involved in the Rights Issue.

5.22 Receiving Agent and Legal advisor

The Receiving Agent for the Rights Issue is DNB Registrar's Department, Norway. The law firm Advokatfirmaet Wiersholm AS has acted as legal advisor (as to Norwegian law) in connection with the Rights Issue.

5.23 Jurisdiction

This Prospectus is subject to Norwegian law, unless otherwise indicated herein. Any dispute arising in respect of this Prospectus is subject to the exclusive jurisdiction of Oslo District Court.

The Company and its shares are subject to the Norwegian Public Limited Liability Companies Act.

6. THE CONVERTIBLE BOND ISSUE

6.1 Overview

This section gives a detailed overview of **EMGS'** intended issue of a convertible bond in the amount of USD 32,500,000 (the "**Convertible Bond Issue**") and the convertible bonds (the "**Convertible Bonds**") with ISIN NO 0010821010. **EMGS** will use the net proceeds from the Convertible Bond Issue to refinance **EMGS'** outstanding senior unsecured callable bond issue 2013/2019 with ISIN NO 001 068253.7 (the "**Existing Bond Issue**").

The Convertible Bond Issue is directed towards the shareholders of **EMGS** as of the Record Date (as defined in section 5.1 above), who are not resident in a jurisdiction where such offering would be unlawful or would (in jurisdictions other than Norway) require any prospectus filing, registration or similar action (the "**Eligible Shareholders**"), and in proportions to the registered holdings of shares in the Company as of the Record Date.

This preferential right is non-transferrable and conditional on the Eligible Shareholder holding a number of shares in the Company which corresponds (pro rata) to a minimum number of Convertible Bonds equivalent to USD 10,000 and integral multiples thereof (rounded down to the nearest whole number of Convertible Bonds).

The Convertible Bond Issue is fully underwritten by certain major existing shareholders of **EMGS**.

The Convertible Bonds may be converted into ordinary shares of **EMGS** at the terms and conditions set out in the Term Sheet, as further described in section 6.2. **EMGS'** shares are listed on the Oslo Stock Exchange (*Norwegian: Oslo Børs*) and registered in VPS under ISIN NO 0010358484. For further information regarding **EMGS'** shares, please see section 5 and 12 of this Prospectus, and Oslo Stock Exchange's information system regarding previous and future prices of the **EMGS'** shares.

The timetable below provides certain indicative key dates for the Convertible Bond Issue:

Record Date	19 April 2018
Start of Subscription Period	20 April 2018 at 09:00 CET
End of Subscription Period	4 May 2018 at 12:00 CET
Allocation of the Convertible Bonds	7 May 2018 (expected)
Distribution of allocation letters	7 May 2018 (expected)
Payment Date for the Convertible Bonds	9 May 2018
Listing and first day of trading of the Convertible Bonds on Oslo Børs	30 June 2018 (expected)

The above dates are indicative and subject to change.

6.2 Main terms of the Convertible Bond Issue

The Bond Terms are attached to this Prospectus as Appendix C. As of the date of this Prospectus, the Bond Terms have not yet been signed and executed. It is expected that this will happen on or about 9 May 2018.

Issuer:	Electromagnetic Geoservices ASA, a Norwegian public limited liability company having its registered address at Stiklestadveien 1, 7041 Trondheim, Norway, registered with the Norwegian Register of Business Enterprises with the business registration number 984195486 and having LEI-code 5967007LIEEXZXI7OG55.
Group:	The Issuer with all its Subsidiaries from time to time (each a " Group Company ").
Bond Trustee:	Nordic Trustee AS.
Currency:	USD
Issue Amount:	USD 32,500,000
Issue Date	Expected to be 9 May 2018.
Settlement Date:	Expected to be 9 May 2018.
Maturity Date:	9 May 2023, adjusted according to the Business Day Convention.
Amortisation:	The Bonds shall be repaid in one payment at the Maturity Date.
Interest Rate:	The percentage rate per annum which is the aggregate of the Reference Rate plus the Margin.
Margin:	5.5 percent.
Reference Rate:	Mean LIBOR (London Interbank Offered Rate) being; (a) The 3-month USD interest rate which is published on Reuters Screen LIBOR01 Page (or through another system or on another website replacing the said system or website respectively) approximately 11.00a.m. (London time) on the Interest Quotation Day and for a period comparable to the relevant Interest Period; or (b) if no screen rate is available for the relevant Interest Period; (i) the linear interpolation between the two closest relevant interest periods, and with the same number of decimals, quoted under paragraph (a) above; or (ii) a rate for deposits in the Bond Currency for the relevant Interest Period as supplied to the Bond Trustee at its

request quoted by a sufficient number of commercial banks reasonably selected by the Bond Trustee; or

- (c) if no quotation is available under paragraph (b), the interest rate which according to the reasonable assessment of the Bond Trustee and the Issuer best reflects the interest rate for deposits in the Bond Currency offered for the relevant Interest Period.

In each case, if any such rate is below zero, the Reference Rate will be deemed to be zero.

The Bond Trustee is calculation agent.

Yield

As of 13 April 2018, the annual yield is 7.85%. This is calculated based on the current level of the reference rate (2.35%) plus the fixed margin of 5.5%, and is based on an assumption that the reference rate will remain at the current level throughout the period.

Investors wishing to invest in the Convertible Bonds after the issue date must pay the market price for the Convertible Bonds in the secondary market at the time of purchase. Depending on the development in the bond market in general and the development of EMGS, the price of the Convertible Bonds may have increased (above par) or decreased (below par). As the Convertible Bonds have a floating reference rate (3 months USD LIBOR), it is the market's expectations of risk premium, i.e. margin, that affects the price. For the Convertible Bond Issue, the trading price of the Shares in the secondary market relative to the Conversion price will also affect the price of the Convertible Bonds in the secondary market. If the price has increased, the yield for the purchaser in the secondary market, given that the reference rate does not change, will be lower than the yield Convertible Bonds calculated as above, and vice versa.

Interest Accrual Date

Issue Date.

Interest Payment Date:

the last day of each Interest Period, the first Interest Payment Date being the date falling three months after the Issue Date (and subsequent Interest Payment Dates being each date, subject to adjustment in accordance with the Business Day Convention, falling in three month arrears thereafter) and the last Interest Payment Date being the Maturity Date. When the Settlement Date has been finally determined, information on the annual dates for each Interest Payment Dates will, upon request, be available from the Bond Trustee.

Interest Periods:

Means, subject to adjustment in accordance with the Business Day Convention, the period between each Interest Payment Date.

Validity of claims

The validity of claims to interest and repayment of principal is 3 years, cf. section 2 of the Act no. 18 of 18 May 1979 relating to the limitation period for claims.

Business Day:

Means a day on which both the relevant CSD settlement system is open, and the

relevant Bond currency settlement system is open.

Business Day Convention:	Means that if the last day of any Interest Period originally falls on a day that is not a Business Day the Interest Period will be extended to include the first following Business Day unless that day falls in the next calendar month, in which case the Interest Period will be shortened to the first preceding Business Day (Modified Following).
Default interest:	Interest Rate plus 3.00 % p.a. For accrual of default interest, please see clause 8.2 of the Bond Terms.
Price:	100% of the Initial Nominal Amount.
Initial Nominal Amount:	Each Bond will have an Initial Nominal Amount of USD 100.
Minimum Investment:	The minimum permissible investment in the Bonds is USD 10,000, and integral multiples thereof.
Use of proceeds:	The Issuer will use the net proceeds from the Bond Issue to refinance the Issuer's outstanding senior unsecured callable bond issue 2013/2019 with NO 001 068253.7 (the " Existing Bond Issue ").
Status of the Bonds:	The Bonds will constitute senior unsecured debt obligations of the Issuer. The Bonds will rank at least <i>pari passu</i> with each other and with all other unsecured obligations of the Issuer (save for such claims which are preferred by bankruptcy, insolvency, liquidation or other similar laws of general application).
Listing:	The Issuer shall within 6 months of the Settlement Date apply for the Bonds to be admitted to listing on the Exchange. It is expected that such listing will take place on or about 30 June 2018.
Exchange:	Oslo Børs.
Representations and Warranties:	The Bond Terms will include the Bond Trustee's standard Representations and Warranties, for further information please see clause 7 of the Bond Terms.
Conversion Right:	Each Bondholder may convert its Convertible Bonds into ordinary shares of the Issuer (" Shares ") at the prevailing Conversion Price at any time from the Settlement date until the 60 th Business Day prior to the Maturity Date, or, if earlier, the tenth (10 th) Business Day prior to the date for redemption of the Bonds (the " Exercise Period "). For further information regarding conversion of the Convertible Bonds, please see clause 12 of the Bond Terms.
Initial Conversion Price:	The initial Conversion Price is USD 0.42677, being the USD equivalent of 135 percent of the subscription price in the contemplated 2018 rights issue based on the USD/NOK middle rate exchange rate on the date of the extraordinary general meeting of the Issuer resolving the rights issue as published by Norges Bank (the

Norwegian central bank) on their webpages.

Adjustment to the Conversion Price: The Bond Terms include the short form version of the Bond Trustee's standard convertible provisions (to the extent applicable), please see clause 12.3 and 13-14 of the Bond Terms.

Dividend Adjustment: Full dividend adjustment (for any distribution in cash or shares) through adjustment of the conversion price.

Share Settlement Option: The Issuer may redeem the Bonds on the Maturity Date by exercising a Share Settlement Option with respect to all of the Bonds, but not some only, provided that the Shares are listed on the Oslo Stock Exchange and no Event of Default has occurred, by giving notice to the Bond Trustee and the Bondholders not more than 60 nor less than 30 calendar days prior to the Maturity Date.

The Issuer shall exercise the Share Settlement Option by:

- a) issuing or transferring and delivering to the relevant Bondholder such number of Shares as is determined by dividing the aggregate principal amount of such Bondholder's Bonds by the Conversion Price in effect on the Valuation Date;
- b) making payment to the relevant Bondholder of an amount (the "**Cash Settlement Amount**") equal to the amount (if any) by which the principal aggregate amount of such Bonds exceeds the product of the Current Value of a Share on the Valuation Date and the whole number of Shares deliverable to such Bondholder in accordance with (a) above; and
- c) making or procuring payment to the relevant Bondholder in cash of any accrued and unpaid interest in respect of such Bonds up to the Maturity Date.

"Valuation Date" means the date falling three Dealing Days prior to the Maturity Date.

"Current Value" in respect of a Share on the Valuation Date shall mean 99% of the average of the Volume Weighted Average Price of the Share for the twenty consecutive Dealing Days ending on the Valuation Date.

Issuer's Call Option: The Issuer may at any time after the date falling three years after the Settlement Date with a twenty (20) Business Days' notice period, call all or, at the discretion of the Issuer, part of the outstanding Bonds for cash at 101% of par value plus accrued interest. In the event of a partial call, such redemption shall be carried out pro-rata between the Bonds in accordance with the applicable regulations of the CSD.

Each Bondholder may within the Exercise Period elect to exercise its Conversion

Right within 14 (fourteen) calendar days after having received the Issuer's call option notice.

Clean-up Call

The Issuer may at any time during the term of the Bonds, provided that 90% or more of the original issued Bonds shall have been redeemed or converted into Shares call all, but not some only, of the outstanding Bonds at par value plus accrued interest. Should the Issuer exercise the Call Option, the Bond Trustee and the Bondholders must be informed of this (the Bondholders in writing via the Securities Depository) no later than 20 Business Days before the date of redemption. Each Bondholder may within the Exercise Period elect to exercise its Conversion Right after having received the Issuer's clean up call option notice.

Cash Settlement Option:

The obligation of the Issuer to issue Shares on the exercise of any Bondholder's Conversion Rights may, at the sole discretion of the Issuer, be settled, in whole or in part, by cash payment. The cash settlement payment shall be the product of (i) the number of Shares otherwise deliverable under the Convertible Bond and in respect of which the Issuer has elected such cash settlement option and (ii) the average of the Volume Weighted Average Price for the fifteen consecutive Dealing Days immediately after the date the Issuer elects to exercise its cash settlement option in respect of the relevant Convertible Bond.

Change of Control Put Option:

If a Change of Control Event has occurred, each Bondholder shall at any time during the period commencing on the date on which a Change of Control Event occurs and ending sixty (60) calendar days following such date or, if later, sixty (60) calendar days period following the notification of a Change of Control Event, be entitled at its option to (at each Bondholder's discretion) either:

- a) require early redemption of its Bonds (put option) at par value plus accrued interest;

or

- b) convert Bonds at the Change of Control Conversion Price, as set out below (adjusted to reflect any previous adjustment to the Conversion Price (if applicable)):

$$\text{COCCP} = \text{OCP} / (1 + (\text{CP} \times c/t))$$

Where

COCCP: Change of Control Conversion Price

OCP: current Conversion Price

CP: Conversion Premium, being the percentage by which the initial Conversion Price exceeds the Volume Weighted Average Price of the Share for a period of 15 Dealing Days ending on the Settlement

Date.

c: number of days from and including the date the Change of Control Event occurs to but excluding the Maturity Date

t: number of days from and including the Settlement Date to but excluding the Maturity Date

The number of Shares required to be issued shall be determined by dividing the principal amount of the Bonds by the Change of Control Conversion Price in effect on the relevant conversion date.

A Change of Control Event shall not apply in the event of a consolidation, amalgamation or merger of the Issuer with any corporation or in case of a sale or transfer of all or substantially all of the assets of the Issuer which would have similar effect as a merger (a "**Merger**") if (a) the Issuer is the continuing corporation or (b) the Issuer, in the reasonable opinion of the Bond Trustee, has taken necessary steps to ensure that each Bond then outstanding will be convertible into the class and amount of shares and other securities, property or cash receivable upon such consolidation, amalgamation or merger by a holder of the number of Shares which would have become liable to be issued upon exercise of Conversion Rights immediately prior to such consolidation, amalgamation or merger.

**Change of Control
Event:**

Means an event whereby:

- (i) any group or person gains control, directly or indirectly, over more than 50% of the Shares and/or voting capital of the Issuer; or
- (ii) the shares of the Issuer are de-listed from Oslo Børs.

**Information
undertaking**

For information regarding information undertakings, please see clause 15 of the Bond Terms.

General undertakings:

- (a) For information regarding general undertakings, please see clause 16 of the Bond Terms.

Financial Covenants:

For information regarding financial covenants, please see clause 17 of the Bond Terms.

Event of Default:

Standard Event of Default provisions applicable to the Issuer and Material Subsidiaries pursuant to the Bond Terms, with a cross default threshold of USD 1.5 million (or equivalent thereof in any other currency), for further information please see clause 18 of the Bond Terms.

Material Subsidiary

Means:

- (a) any Subsidiary whose total consolidated assets represent at least 10 % of the

total consolidated assets of the Group, or

- (b) any Subsidiary whose total consolidated net sales represent at least 10 % of the total consolidated net sales of the Group, or
- (c) any other Subsidiary to which is transferred either (A) all or substantially all of the assets of another Subsidiary which immediately prior to the transfer was a Material Subsidiary or (B) sufficient assets of the Issuer that such Subsidiary would have been a Material Subsidiary had the transfer occurred on or before the relevant date,

always provided that Subsidiaries not being a Material Subsidiary shall in aggregate not exceed 20 % of the consolidated turnover, gross assets or net assets of the Group (as the case may be).

Tax gross up: The Issuer shall not be liable to gross-up any payments in relation to the Finance Documents by virtue of withholding tax, public levy or similar taxes.

Bond Terms: The standard Nordic Bond Terms for convertible bonds will regulate the rights and obligations with respect to the Bonds. The Bond Terms regulate the Bondholder's rights and obligations in relation to the Convertible Bond Issue. For further information regarding the Bondholder's rights and the Convertible Bonds, please see clause 2, 3, 4, 5.1, 8, 9, 10, 11.2, 12-14, 18 and 22 of the Bond Terms.

The Bond Trustee enters into the Bond Terms on behalf of the Bondholders and is granted authority to act on behalf of the Bondholders to the extent provided for in the Bond Terms. The Bond Terms will be made available to the public and copies may be obtained as set out in clause 22.2 of the Bond Terms.

When Bonds are subscribed / purchased, the Bondholder has accepted the Bond Terms and is bound by the terms of the Bond Terms.

Information regarding Bondholders' meeting and the Bondholder's right to vote are described in the Bond Terms clause 19.

For information regarding the role of the Bond Trustee, please see Bond Terms clause 20.

The Bond Terms is attached to this Prospectus as Appendix C.

Securities Depository: The Bonds will be registered in Verdipapirsentralen ASA (the "CSD")

Approvals: The Convertible Bonds have been issued in accordance with the approval by the general meeting of the Issuer dated 1 March 2018 and approval of the board of directors of the Issuer 23 March 2018, as well as any other approvals as may be

required by applicable company law.

Market Making: No market-maker agreement has been entered into for the issuance of the Convertible Bonds.

Repurchase of Bonds: The Issuer may purchase and hold Bonds and such Bonds may be retained, sold or cancelled in the Issuer's sole discretion, for further information please see clause 11 of the Bond Terms

Terms of subscription: Any subscriber of the Convertible Bonds specifically authorises the Bond Trustee to execute and deliver the Bond Terms on behalf of the prospective Bondholder, who will execute and deliver relevant application forms prior to receiving Convertible Bond allotments. On this basis, the Issuer and the Bond Trustee will execute and deliver the Bond Terms and the latter's execution and delivery is on behalf of all of the subscribers, such that they thereby will become bound by the Bond Terms. The Bond Terms specify that by virtue of being registered as a Bondholder (directly or indirectly) with the Securities Depository, the Bondholders are bound by the terms of the Bond Terms and any other Finance Document, without any further action required to be taken or formalities to be complied with.

The Bond Terms shall be made available to the general public for inspection purposes and may, until redemption in full of the Bonds, be obtained on request to the Bond Trustee or the Issuer.

Subscription Restrictions: The Convertible Bonds will be offered and sold outside the United States in reliance on Regulation S under the U.S. Securities Act.

The Bonds have not and will not be registered under the U.S. Securities Act, or any state securities law except pursuant to an exemption from the registration requirements of the U.S. Securities Act and appropriate exemptions under the laws of any other jurisdiction. The Bonds may not be offered or sold within the United States to, or for the account or benefit of, any U.S. Person (as such terms are defined in regulations), except pursuant to an exemption from the registration requirements of the U.S. Securities Act. See further details in the Application Form. Failure to comply with these restrictions may constitute a violation of applicable securities legislation.

The Subscription Rights, New Shares and the Convertible Bonds are being offered and sold outside the United States in reliance on Regulation S under the U.S. Securities Act. Thus, this Prospectus will not be sent to any Shareholder with a registered address in the United States. In addition, the Company and the Receiving Agent reserve the right to reject any instruction sent by or on behalf of any account holder with a registered address in the United States in respect of the Subscription Rights and/or the New Shares or the Convertible Bonds.

Transfer Restrictions: The Bonds are freely transferable and may be pledged, subject to the following:

- (a) Bondholders may be subject to purchase or transfer restrictions with regard to the Bonds, as applicable from time to time under local laws to which a Bondholder may be subject (due e.g. to its nationality, its residency, its registered address, its place(s) for doing business). Each Bondholder must ensure compliance with local laws and regulations applicable at own cost and expense.
- (b) Notwithstanding the above, a Bondholder which has purchased the Bonds in contradiction to mandatory restrictions applicable may nevertheless utilize its voting rights under the Bond Agreement provided that the Issuer shall not incur any additional liability by complying with its obligations to such Bondholder.

Subscription Eligible Shareholders (as further described and defined in calling notice to the EGM of the Issuer to be held for the purpose of approving the bond issue) will have a preferential right to subscribe for the Bonds. Oversubscription is allowed.

Bonds not subscribed for will be allocated in accordance with underwriting agreements entered into for that purpose.

Governing Law: Norwegian law.

6.3 Resolution regarding the Convertible Bond Issue

At the Board Meeting held on 1 March 2018, it was resolved to propose to the shareholders of **EMGS** that the Board of Directors are authorised to issue the Convertible Bonds through the Convertible Bond Issue.

At the EMG held on 23 March 2018, the following resolution regarding the fully underwritten Convertible Bond Issue was proposed and approved:

Approval of convertible loan

- (1) The Company shall issue a convertible bond loan (the Loan) with an aggregate principal issue amount of minimum USD 30,000,000 and maximum USD 32,500,000, consisting of a minimum of 300,000 and a maximum of 325,000 bonds, each with an initial par value of USD 100. The minimum investment in the Loan is USD 10,000 (corresponding to a minimum number of shares of 28,132), and multiples thereof (the Minimum Investment).*
- (2) Shareholders as of end of the Inclusive Date as registered with the VPS on the Record Date, and who lawfully may receive an offer to subscribe for bonds under the Loan without the Company having to file for registration pursuant to local laws and regulations (for the purposes of this item 4, Eligible Shareholders) shall have a preferential right to subscribe for bonds under the Loan in proportion to their registered holdings of shares in the Company as of the Record Date. This preferential right is non-transferrable and conditional on the Eligible Shareholder holding a number of shares in the Company which corresponds (pro rata) to a minimum number of bonds equivalent to the Minimum Investment (rounded down to the nearest whole number of bonds). In case of any delay in the approval of the prospectus required in connection with the bond issue, these dates will be delayed accordingly as the Board may decide.*

- (3) *The Loan shall be subscribed for within the Subscription Period. In case of any delay in the registration of the prospectus required in connection with the Loan, the dates of the Subscription Period will be adjusted accordingly as the Board may decide.*
- (4) *Each bond under the Loan shall be subscribed for at par value. The interest rate shall be equal to 3M USD LIBOR plus a margin of 5.5%.*
- (5) *The Loan is fully underwritten up to the maximum amount of USD 32,500,000 by the Underwriters. The underwriting is regulated by the Underwriting Agreements. According to the Underwriting Agreements, each of the Underwriters have, severally, and not jointly, and on a pro rata basis and up to the maximum amount undertaken by each of them, undertaken to subscribe for bonds in the Loan not subscribed for during the Subscription Period. The underwriting obligation of each Underwriter does not include a guarantee for the payment by any subscriber or any other Underwriter of their subscription amount in the Loan. The Underwriters will receive a guarantee commission of 1.0% of their guaranteed amount, subject to completion of the Loan or, as the case may be, certain other events. Each Underwriter's obligation will be reduced on a bond-by-bond basis with the number of bonds subscribed for under the Loan and allocated to it.*
- (6) *Oversubscription is allowed. In the event that all bonds are not subscribed for by Eligible Shareholders on a pro rata basis, bonds not subscribed for shall be allocated to oversubscribing Eligible Shareholders on a pro rata basis based on the number of shares in the Company they were the registered owner of at the Record Date. In the event that pro rata allocation is not possible, the Company will determine the allocation by lot drawing.*
- (7) *Any remaining bonds under the Loan not allocated pursuant to the criteria set out in section (6) above will be subscribed by and allocated to the Underwriters to the extent the Underwriters have not fulfilled their underwriting obligations through subscription for bonds in the Subscription Period, based on and in accordance with their respective underwriting obligations.*
- (8) *The Loan shall be paid to a designated account to be opened by the Company, or another person who, in accordance with the fully termed bond loan agreement to be prepared for the Loan, shall receive such payment. Payment shall be made within 9 May 2018. In case of any delay in the registration of the prospectus required in connection with the Loan, or any other delays which may otherwise occur in the ordinary course of establishing the Loan, this date will be delayed accordingly as the Board may decide.*
- (9) *Each bondholder under the Loan may at their discretion convert all or some of their bonds into ordinary shares of the Company in the period between the settlement date under the Loan and the date falling 60 business days prior to the maturity date (and in no event later than the date falling five years after the date of the extraordinary general meeting). The initial conversion price shall be the USD equivalent of 135% of the subscription price under the rights issue under item 3 based on the USD/NOK mid-exchange rate on the date of the extraordinary general meeting as published by the Norwegian Central bank on its webpage. The initial conversion price is subject to certain adjustment mechanisms, including adjustment for any dividends paid by the Company. The consideration for each new share is settled by way of a set-off against the nominal value of each bond converted. New shares issued as a result of conversion shall have full rights from the date the share capital increase is registered in the Norwegian Business Registry.*

(10) Each bondholder's rights in the event of changes to the Company's share capital, including in the event of right issues and share capital reductions, mergers, demergers and dissolution is further regulated in a term sheet attached to these minutes as Schedule 2 (the Term Sheet).

(11) The Loan will be based on Nordic Trustee's standard form convertible bond loan agreement as amended by the terms set out herein and in the Term Sheet.

(12) The conversion right may not be separated from the Loan.

(13) The terms and conditions of the Loan and each bond thereunder shall otherwise in all material respects be as set out in the Term Sheet and otherwise as determined at the discretion of the Board.

6.4 The Underwriting and the Underwriting Syndicate

The Convertible Bond Issue is fully underwritten by the Underwriters as set out in the table below. The underwriting is regulated by the Underwriting Agreements entered into between the Company and the respective Underwriters on 8 March 2018.

The Underwriters have, through the Underwriting Agreements, undertaken to subscribe for a number of Convertible Bonds and such underwriters guaranteed amount as set out in the table below. The Underwriters have undertaken to do this on the first day of the Subscription Period (as defined in section 6.5 below). The table below sets out the Underwriters, as well as the implied amount and the percentage of the total number of Convertible Bonds each Underwriter has agreed and undertaken to guarantee the subscription of.

Underwriter	Address	Guaranteed amount	Percentage of the Convertible Bond Issue
Siem Investments Inc.	PO Box 309, Ugland House, South Church Street, George Town, KY1-1104, Cayman Island	USD 13,000,000	40%
Perestroika AS	Statsminister Michelsens veg 38, 5230 Paradis	USD 13,000,000	40%
RWC European Focus Master Inc.	94 Solaris Avenue, Camana Bay, Grand Cayman KY1-1108, Cayman Islands	USD 6,500,000	20%
Total		USD 32,500,000	100%

According to the Underwriting Agreements, each of the Underwriters have severally and not jointly and on a pro rata basis and up to the maximum amount undertaken by each of them, undertaken to subscribe for the Convertible Bonds not subscribed for during the Subscription Period. The underwriting obligation of each Underwriter does not include a guarantee for the payment by any subscriber or any other Underwriter of their subscription amount in the Convertible Bond Issue.

The Underwriters will receive a guarantee commission of 1.0% of their guaranteed amount, which amounts to USD 325,000, subject to completion of the Convertible Bond Issue.

Each Underwriter's obligation will be reduced with the number of Convertible Bonds subscribed for in the Convertible Bond Issue and allocated to it.

6.5 Participation of major existing shareholders and members of the Company's management, supervisory and administrative bodies in the Convertible Bond Issue

Mimi K. Berdal (Director) has indicated that she will, and Eystein Eriksrud (Chairman of Board) has indicated that he is considering to, subscribe for Convertible Bonds in the Convertible Bond Issue. Such subscriptions will be made through their investment companies (respectively, MKB Invest AS and Laburnum AS).

In addition, the Underwriters, three major shareholders of the Company, are committed to subscribe for the Convertible Bonds as described in section 6.4. Other than this, the Company is not aware of any major shareholders of the Company or members of the Board of Directors or Management who intend to apply for Convertible Bonds in the Convertible Bond Issue, or who intend to apply for Convertible Bonds in an amount which is notifiable under applicable law.

6.6 Subscription Period

The Subscription Period in the Convertible Bond Issue will commence at 09:00 CET on 20 April 2018 and expire at 12:00 CET on 4 May 2018. The Subscription Period may be extended by the Board of Directors. An extension, if any, will be announced by a press release through Oslo Børs' information system (www.newsweb.no) and on **EMGS'** webpage (www.emgs.com). In case of an extension of the Subscription Period, all relevant deadlines will be extended accordingly. The Subscription Period may not be closed earlier than 12:00 CET on 4 May 2018.

6.7 Subscription Price

The subscription price for one (1) Convertible Bond in the Convertible Bond Issue is USD 100 (the "**Subscription Price**"), being the nominal value of the Convertible Bonds. The Subscribers in the Convertible Bond Issue (the "**Bond Subscribers**") will not incur any costs related to the subscription for, or allotment of, the Convertible Bonds.

6.8 Subscription procedures and subscription office

Subscriptions for the Convertible Bonds must be made on a subscription form, attached to this Prospectus as Appendix B (the "**Bond Subscription Form**").

Neither the Company nor the Receiving Agent may be held responsible for postal delays, or other logistical or technical problems that may result in subscriptions not being received in time or at all by the Receiving Agent.

Bond Subscription Forms received after the end of the Subscription Period and/or incomplete or incorrect Bond Subscription Forms and any subscription that may be unlawful may be disregarded at the sole discretion of the Company and/or the Receiving Agent without notice to the Bond Subscriber.

Properly completed and signed Bond Subscription Forms may be e-mailed to mosec@dnb.no mailed or delivered to the Receiving Agent at the address below:

DNB Registrar's Department
Dronning Eufemias gate 30
P.O. Box 1600 Sentrum
0021 Oslo

Subscriptions are binding and irrevocable, and cannot be withdrawn, cancelled or modified by the Bond Subscriber after having been received by the Receiving Agent. The Bond Subscriber is responsible for the

correctness of the information entered into the Bond Subscription Form. By signing and submitting a Bond Subscription Form, the Bond Subscribers confirm and warrant that they have read this Prospectus and are eligible to subscribe for the Convertible Bonds under the terms set forth herein.

The minimum permissible investment in the Convertible Bonds in the Convertible Bonds Issue is USD 10,000, and integral multiples thereof.

Oversubscription (i.e. subscription for more Convertible Bonds than the number of Convertible Bonds to be allocated in the Convertible Bonds Issue) is permitted. However, there can be no assurance that Convertible Bonds will be allocated for such subscriptions. See Section 6.9 "Mechanism of allocation" below for further details on applicable allocation principles.

Multiple subscriptions (i.e., subscriptions on more than one Bond Subscription Form) are allowed. Please note, however, that two separate Bond Subscription Forms submitted by the same Bond Subscriber with the same number of Convertible Bonds subscribed for on both Bond Subscription Forms will only be counted once unless otherwise explicitly stated in one of the Bond Subscription Forms.

6.9 Mechanism of allocation

Allocation of the Convertible Bonds will take place after the expiry of the Subscription Period on or about 7 May 2018. In accordance with the resolution passed by the EGM of the Company on 23 March 2018, the allocation of the Convertible Bonds will be made according to the following criteria:

[6] In the event that all bonds are not subscribed for by Eligible Shareholders on a pro rata basis, bonds not subscribed for shall be allocated to oversubscribing Eligible Shareholders on a pro rata basis based on the number of shares in the Company they were the registered owner of at the Record Date. In the event that pro rata allocation is not possible, the Company will determine the allocation by lot drawing.

[7] Any remaining bonds under the Loan not allocated pursuant to the criteria set out in section (6) above will be subscribed by and allocated to the Underwriters to the extent the Underwriters have not fulfilled their underwriting obligations through subscription for bonds in the Subscription Period, based on and in accordance with their respective underwriting obligations.

The result of the Convertible Bond Issue is expected to be published on or about 7 May 2018 in the form of a stock exchange notification from the Company through Oslo Børs' information system. Notifications of allocated Convertible Bonds and the corresponding subscription amount to be paid by each Bond Subscriber are expected to be distributed on or about 7 May 2018. Bond Subscribers having access to investor services through their VPS account manager will be able to check the number of Convertible Bonds allocated to them from 14:00 CET on 7 May 2018. Bond Subscribers who do not have access to investor services through their VPS account manager may contact the Receiving Agent from 14:00 CET on 7 May 2018 to obtain information about the number of Convertible Bonds allocated to them.

6.10 Payment of the Convertible Bonds

The payment for Convertible Bonds allocated to a Bond Subscriber falls due on 9 May 2018 (the "**Payment Date**").

The Bond Subscribers must ensure that payment with cleared funds for the Convertible Bonds allocated to them is made on 9 May 2018 at 10:00 CET at the latest. Payment must be made to the following account at DNB Bank ASA:

Account no.: 1250.04.19073
BIC: DNBANOKKXXX
Electronic IBAN: NO6312500419073

Prior to any such payment being made, the Bond Subscriber must contact the Receiving Agent for further details and instructions.

Overdue and late payments will be charged with interest at the applicable rate from time to time under the Norwegian Act on Interest on Overdue Payment of 17 December 1976 No. 100, currently 8.50% per annum. If a Bond Subscriber fails to comply with the terms of payment, the Convertible Bonds will, subject to the restrictions in the Public Limited Companies Act and at the discretion of the Receiving Agent, not be delivered to the Bond Subscriber.

6.11 VPS registration of the Convertible Bonds

The Convertible Bonds will be registered in book-entry form with VPS under ISIN NO 0010821010. *EMGS'* VPS account manager is DNB Bank ASA, PO Box 1600 Sentrum, N-0021 Oslo, Norway.

The Convertible Bonds will not be delivered to the Bond Subscribers' VPS account before they are fully paid, the conditions precedent for the settlement for the Convertible Bonds Issue as set out in the Term Sheet are satisfied and the Convertible Bonds have been registered in the VPS.

6.12 Delivery and listing of the Convertible Bonds

All Bond Subscribers subscribing for Convertible Bonds must have a valid VPS account (established or maintained by an investment bank or Norwegian bank that is entitled to operate VPS accounts) to receive the Convertible Bonds. It is expected that the Convertible Bonds will be delivered to the Bond Subscribers' VPS accounts on or about 15 May 2018 (subject to payment and VPS registration in section 6.9 and 6.10 being satisfied).

Bond Subscribers should be aware that delivery of the Convertible Bonds will only be made if the Bond Subscriber pays for the Convertible Bonds.

All the Convertible Bonds will be object for an application for admission to trading on Oslo Børs in accordance with the terms and conditions of the Bonds Terms. The Convertible Bonds will not be sought or admitted to trading on any other regulated market than Oslo Børs. It is expected that such listing will take place on or about 30 June 2018.

6.13 Dilution

The Convertible Bonds may be converted into ordinary shares of the Issuer pursuant to the terms and conditions set out in the Bond Terms. As a consequence, existing shareholders who do not participate in the Convertible Bond Issue may be subject to a dilution of their shareholders position as of the Record Date.

6.14 Publication of information relating to the Convertible Bond Issue

In addition to press releases at the Company's website, the Company will use Oslo Børs' information system to publish information in respect of the Convertible Bond Issue.

General information on the result of the Convertible Bond Issue is expected to be published on or about 4 May 2018 in the form of a release through Oslo Børs' information system and the Company's website,

www.emgs.com. All Bond Subscribers being allocated Convertible Bonds will receive a letter from the VPS confirming the number of Convertible Bonds transferred to the Bond Subscribers' VPS account.

6.15 Expenses and net proceeds

The Company will bear the fees and expenses related to the Convertible Bond Issue, which are estimated to amount to approximately NOK 3.1 million. Thus, net proceeds from the Convertible Bond Issue will be approximately NOK 249 million. No expenses or taxes will be charged by the Company or the Receiving Agent to the Bond Subscribers in the Convertible Bond Issue.

6.16 Interests of natural and legal persons involved in the Convertible Bond Issue

Shareholders, associated with the following members of the Board of Directors are part of the Underwriting Syndicate:

- Siem Investments Inc., a company in which the Chairman of the Board of Directors, Eystein Eriksrud, is associated with, has guaranteed USD 13,000,000 (40%) of the Convertible Bond Issue.
- Perestroika AS, a company in which the Board Member Johan Kr. Mikkelsen is associated with, has guaranteed for USD 13,000,000 (40%) of the Convertible Bond Issue.
- RWC European Focus Master Inc., a company in which the Board Member Petteri Soininen is associated with, has guaranteed for USD 6,500,000 (20%) of the Convertible Bond Issue.

The Underwriters will be allocated any Convertible Bonds not subscribed for in the event that the Convertible Bond Issue is not fully subscribed, and as such have an interest in the Convertible Bond Issue.

The Underwriters will receive a guarantee commission of 1.0% of their guaranteed amount, subject to completion of the Rights Issue or, as the case may be, certain other events.

The following members of the Board of Directors and the Underwriting Syndicate do also hold a position in the Existing Bond Issue:

- Siem Investments Inc., a company in which the Chairman of the Board of Directors, Eystein Eriksrud, is associated with, holds NOK 91.0 million (36.99%) of the Existing Bond Issue.
- Perestroika AS, a company in which the Board Member Johan Kr. Mikkelsen is associated with, holds NOK 21.0 million (8.54%) of the Existing Bond Issue.

The Company is not aware of any other material interests to the Convertible Bond Issue involving any Board Members or Executive Management of the Company.

The Receiving Agent and its affiliates may provide in the future, investment and commercial banking services to the Company and its affiliates in the ordinary course of business, for which they may receive customary fees and commissions. The Receiving Agent will receive a fee, which will vary with the number of Bond Subscribers and the number of man hours outside ordinary working hours spent by the Receiving Agent, in relation to the Convertible Bond Issue.

Other than what is set out above, there are no other interests (including conflict of interests) of natural and legal persons involved in the Convertible Bond Issue.

6.17 Receiving Agent and Legal advisor

The Receiving Agent for the Convertible Bond Issue is DNB Bank ASA, Registrar's Department.

Advokatfirmaet Wiersholm AS has acted as the Company's legal advisor.

6.18 Jurisdiction

This offering of the Convertible Bonds is subject to Norwegian law. Any dispute arising connection with the offering of the Convertible Bond Issue is subject to the exclusive jurisdiction of Oslo District Court.

The Issuer is subject to the Norwegian Public Limited Liability Companies Act and the Convertible Bonds are subject to Norwegian law.

7. PRESENTATION OF EMGS

*Statements in this Section regarding the Company's position in the industry in which it operates are based on the assessment that **EMGS** is one of a limited number of companies that provides marine 3D controlled-source electromagnetic ("CSEM") services to the offshore oil and gas exploration industry at an industrial scale and that **EMGS** is considered as the market leader within the application of CSEM technology and the supply of CSEM services.² Furthermore, **EMGS** has patents protecting the application of its 3D CSEM technology used in the surveying and mapping of the resistivity below seabed (which in turn is used to improve the understanding of the sub-sea geology and the potential for the presence of oil and gas accumulations) and that the technology in that respect is unique.*

This discussion includes Forward-looking statements; see Section 4 "Cautionary note regarding forward-looking statements". This section should be read in conjunction with the other parts of this prospectus, in particular Section 2 "Risk factors".

7.1 Incorporation, registered office and registration number

Electromagnetic Geoservices ASA ("**EMGS**") is a public limited liability company incorporated and domiciled in Norway whose shares are publicly traded. The address of its registered office is Stiklestadveien 1, 7041 Trondheim. The Company's website is www.emgs.com. **EMGS'** registration number is 984 195 486.

7.2 General information

EMGS operates in a market with few players in the use of CSEM surveying technology in the offshore oil and gas exploration industry. The Company provides CSEM data based on survey services to the offshore oil and gas exploration industry using proprietary CSEM and magnetotelluric ("**MT**") surveying technology. **EMGS** offers its CSEM technology to oil and gas companies to support them in their search for offshore hydrocarbons. **EMGS'** services offer support through every stage of the CSEM survey process, from survey design and data acquisition to processing, imaging and interpretation. The Company has extensive experience, well-established routines and proven processing, modelling and inversion software and interpretation workflows.

EMGS' services enable integration of CSEM data with seismic and non-seismic data to give explorationists a clearer and more complete understanding of the subsurface. The services offered by **EMGS** provide its customers with improved exploration efficiency and reduces their exploration risks and finding costs.³ To date, **EMGS** has conducted more than 900 CSEM surveys across the world's mature and frontier offshore basins, in water depths ranging from 20 meters to 3,500 meters and for more than 150 customers. EM surveys have been conducted under a wide variety of operating conditions and in most major basins around the world. Applications of CSEM technology include scanning for new offshore prospects ("**Prospect Finding**"), play evaluation, ranking of prospects, and validating individual prospects including well placement decisions.

EMGS has over the past years significantly improved its technology to ensure higher quality and efficiency, as well as broadened the scope of its products to increase the Company's addressable market. **EMGS** also emphasises customer interaction to improve the understanding of barriers for adoption and to assist the customers in applying and deriving from the 3D CSEM data as delivered.

² Note: The source is not publically available; Source: IHS Petrodata Seismic Quarterly Report (April 2015)

³ Source: AAPG Explorer (November 2015)
(http://www.emgs.com/technical_papers/?thisId=228&TPYear=2015&DocumentTypeId=2&ContentParents=228&TPConference=AAPG+Explorer&SiteId=1)

EMGS' technology is not easily copied. Rather, **EMGS'** technological advantage is based on a combination of more than 15 years' research and development, including hardware and software. Key parts of the equipment as used by **EMGS** are bespoke, fabricated in-house or sourced on an exclusive basis from specialist suppliers.

EMGS owns patents to protect the commercial advantage that it derives from its technology. **EMGS** has more than 86 patents in 32 jurisdictions related to CSEM acquisition on a worldwide basis.

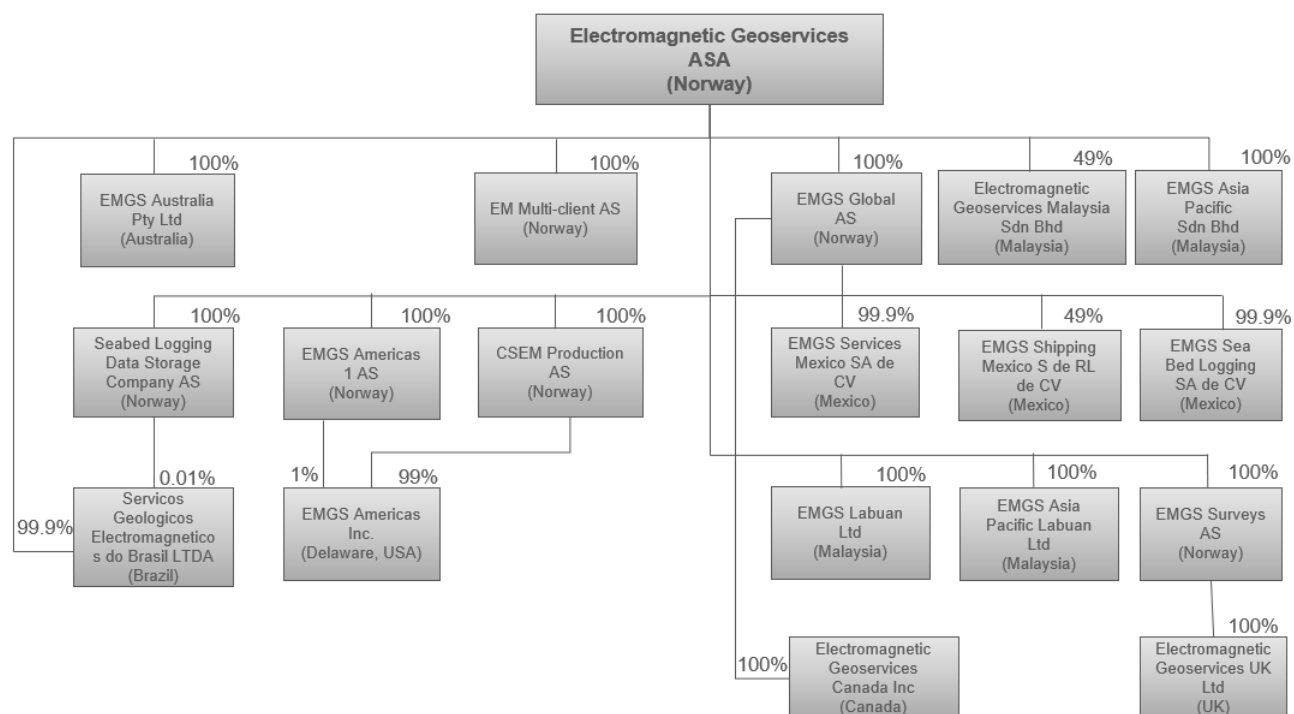
Several leading oil and gas companies use **EMGS** as their provider of CSEM surveys, including the acquisition, processing, imaging and interpretation of CSEM data. In addition, it is the Management's impression that **EMGS** is a preferred research and development partner for several major oil companies.

7.3 Organisational structure

EMGS coordinates its activities from its headquarters in Trondheim (Norway) and has business centres in Oslo (Norway), Houston (USA) and Kuala Lumpur (Malaysia). The Group also has offices in Rio de Janeiro (Brazil), Mumbai (India) and Mexico City (Mexico).

EMGS is the operating entity unless there are local requirements regulating the jurisdiction of the legal entity which may perform a survey or enter into contracts in the given jurisdiction. In addition, **EMGS** conducts certain parts of its operations through its subsidiaries. The diagram set forth below depicts **EMGS'** corporate structure.

Figure 1: Corporate structure



7.4 Company history

EMGS' method for the use of CSEM data in the search for hydrocarbons was first conceived by Messrs., Terje Eidesmo and Svein Ellingsrud. Messrs. Eidesmo and Ellingsrud first envisioned the concept of the CSEM technology while conducting research into CSEM methods for detecting hydrocarbon reservoirs. During this research, they developed a new method whereby they applied CSEM energy up to two kilometres into the subsurface.

In 2000, the first of the two main method patents to protect this CSEM method were filed and the same year the first field test of CSEM was conducted off the coast of Angola on 1,200 metres water depth. The test was conducted above a known hydrocarbon reservoir and confirmed the efficacy of CSEM in the remote detection of hydrocarbons as a resistive anomaly in the subsurface. The CSEM method was first tested commercially in 2001, as part of a joint venture between Statoil, Shell and Enterprise Oil in the North Sea. During that same year, the first official survey was performed on the Ormen Lange field on the Norwegian Continental Shelf.

EMGS was incorporated on 30 January 2002 under the name Electromagnetic Geoservices AS by Statoil, NGL, and Messrs. Eidesmo, Ellingsrud and Johansen. The goal of the Company was to market the CSEM method and provide services to oil and gas companies throughout the industry and in 2003 the Company chartered its first vessel. In July 2004, affiliated entities of Warburg Pincus and other individuals acquired approximately 91.5% of the issued and outstanding shares in **EMGS'** from Statoil, NGL and certain **EMGS** employees. The remaining 8.5% of outstanding shares were retained by **EMGS** employees, most of whom comprised the Executive Management team at the time.

On 30 March 2007, **EMGS** was listed on the Oslo Børs with the ticker code "**EMGS**". At the same time as the listing, the Company carried out an initial public offering with a capital increase of 5.5 million new shares at NOK 135 per share, providing the Company with net proceeds of USD 113.3 million.

EMGS took its first special purpose CSEM vessel "BOA Thalassa" in use in December 2008 and its second "BOA Galatea" in July 2009.

In 2008, **EMGS** completed its first 3D CSEM multi-client survey in the Barents Sea. The survey covered more than 9,000 square kilometres and was an important milestone in the adoption of **EMGS'** technology among oil and gas companies. The multi-client library in the Barents Sea now covers approximately 70,000 square kilometres.

In 2010 and 2011, **EMGS** entered into multi-year contracts with PEMEX and Petrobras, offering further proof of the validity and value of the Company's technology. Both contracts were later extended and were important contributors to the Company's positive revenue development in 2011 and 2012. Both contracts have been completed. In accordance with the terms of the contract with PEMEX, **EMGS** has provided a performance guarantee covering the warranty period. The guarantee has a principal amount of approx. USD 4.8 million, and is expected to lapse in January 2019.

In 2010, **EMGS** launched a joint industry project (the "JIP") with Shell to plan and design the next generation of 3D CSEM equipment. In 2011, Statoil also joined the project. The agreement with Shell and Statoil was formalised in 2012 and the next generation equipment was successfully tested in 2016. The first commercial survey with the next generation equipment was conducted a year later, in 2017.

In 2011, **EMGS** acquired OHM Survey Holdings ("**OHM**"), another marine electromagnetic acquisition company for USD 15.8 million.

In 2013, **EMGS** entered into a cooperation agreement with the seismic company Spectrum ASA for a multi-client survey covering the Foz de Amazonas basin in Brazil, as well as a cooperation agreement with the seismic company TGS for multi-client projects in the Barents Sea, Norway. The surveys included in the original cooperation agreements have been completed where as the cooperation with TGS was extended in 2017 to address the 24th licensing round in Norway.

In 2014, the industry's adoption of the CSEM technology was significantly strengthened. **EMGS** signed agreements with authorities in Canada and Uruguay, and the Norwegian Petroleum Directorate requested access to all CSEM data, confirming an increased acceptance and understanding of the potential value of the CSEM data for oil and gas exploration. In addition, the Company recorded a high number of new customers.

In 2015, **EMGS** completed the development of the next generation modelling and imaging tools. The new tools improve the imaging quality, confidence, and therefore interpretability of 3D CSEM data, as well as increases computational efficiency. Further upgrades were completed during 2017 with the addition of the 3D Gauss Newton inversion algorithm amongst other upgrades and improvements in software and modelling.

In 2016, **EMGS** successfully tested the prototype JIP equipment set offshore Norway.

In 2017, **EMGS** completed the first commercial project with the new JIP source, the DeepBlue source. The DeepBlue increases the depth of investigation (below mudline) well beyond the capabilities of the conventional source systems, thereby increasing the number of prospects **EMGS** is sensitive to. In addition, the new source also increases imaging confidence and resolution for targets that can already be detected with the conventional source system. The main improvements in source hardware include an increase by 7 to 10 of the source output (compared with the conventional source), an increase by 10 of source timing accuracy and increase by 4 of the source frequency output. The DeepBlue can operate in water depths up to 4,000 m.

Reference is made to section 12.3.2 for a further description of changes to **EMGS'** share capital, including the rights issues carried out in 2015 and 2017, and the background for and purpose of each of these changes.

The table below provides an overview of key events in **EMGS'** history:

Date	Important event
2000	First of the two main patents used by EMGS was filed
2000	First field test of CSEM was conducted off the coast of Angola at a water depth of 1,200 metres
2001	First commercial test of CSEM, as a joint venture between Statoil, Shell, Enterprise Oil
2001	First official CSEM study performed on the Ormen Lange field on the Norwegian Continental Shelf
2002	The Company was incorporated under the name Electromagnetic Geoservices AS by Statoil, NGI and Messrs. Eidesmo, Ellingsrud and Johansen
2003	EMGS chartered its first vessel
2004	Affiliated entities of Warburg Pincus acquired ~91.5% of the outstanding shares
2007	EMGS listed on the Oslo Stock Exchange
2008	First special purpose CSEM vessel (BOA Thalassa) in operation
2008	Completion of first large 3D CSEM multi-client survey in the Barents Sea
2009	Second special purpose CSEM vessel (BOA Galatea) in operation
2010	Multi-year contract signed with PEMEX. The contract has later been extended
2010	Launch of Joint Industry Project (JIP) with Shell to plan and design the next generation 3D CSEM equipment.
2011	Statoil joins the JIP
2011	Multi-year contract signed with Petrobras. The contract has later been extended

Date	Important event
2011	Acquisition of OHM Survey Holdings, another marine electromagnetic acquisition company
2013	Cooperation agreements signed with seismic companies Spectrum and TGS for multi-client projects in Brazil and Norway respectively
2014	Industry adoption of CSEM technology strengthened through agreements with authorities and several new customers
2015	Finalised development of a new generation processing and inversion software developed by the Company
2016	Next Generation Advanced CSEM Equipment Set (JIP equipment) is successfully tested offshore
2017	First commercial JIP survey successfully completed

7.5 Competitive strengths

First mover advantage

It is the view and belief of **EMGS'** management that **EMGS** has been one of the leading operators within the field of CSEM technology since its inception, and that it has obtained substantial operational experience and developed a proprietary methodology under which data is acquired, processed and interpreted.

EMGS was, as far as the Company is aware, the first company to commercially exploit CSEM technology. This has allowed the Company more time than any of its competitors to gain experience from CSEM survey projects. It is the view and belief of **EMGS'** management that combined with the considerable resources invested by **EMGS** in this technology, this gives the Company a potential advantage relative to its competitors, i.e. the "first mover advantage".

Global reach

EMGS has developed a containerised solution for its data acquisition equipment, including the computerised operations room. The containerised solution, including receivers, can be transported in 20-foot containers, which makes it possible to transport (by land, sea or air) and mobilise the CSEM surveying equipment in a relatively short period of time. In addition, the solution can be installed on a variety of suitable vessels, which further enhances its flexibility in terms of operations during a peak demand. The containerised solution enables **EMGS** to provide its proprietary CSEM technology worldwide at limited cost while maintaining its operational excellence.

Proprietary CSEM technology, equipment and software

Key steps in the CSEM method that **EMGS** utilises in its CSEM surveys are patented. In addition, the Company has proprietary rights to the equipment, technology and software it uses to conduct its operations, including the source, receivers, data processing centre, software and computational methodology. It is the Management's assessment that the proprietary nature of the services provided by **EMGS** makes its offering unique in the geophysical services market in general and the CSEM market in particular. This position allows **EMGS** to provide a differentiated end-to-end service to its customers, provides the Company with a strong foundation to further develop its CSEM technology and puts the Company in a strong position to continue to penetrate and develop the CSEM market.

Proven track record of operational expertise

EMGS has successfully conducted over 900 commercial surveys in major basins worldwide. These surveys have been conducted at a wide range of water depths and in different climates and operating conditions, including environmentally sensitive areas. These surveys have provided **EMGS** and its personnel with valuable operational and technical experience that **EMGS'** management believes positions the Company in a superior position relative to its competitors. Management believes that the Company has an advantage over its competitors and over any future entrants to the CSEM market through the combination of knowledge of the subsurface, experience, patented and proprietary technology and research and development investments.

High-quality supplier relationships

EMGS maintains close relationships with several of its key equipment suppliers, as the Company collaborates with them (with some on an exclusive basis) in both the development and manufacturing of highly sophisticated CSEM equipment. The close and long-term supplier relationships give **EMGS** access to skills and expertise that helps the Company improve and optimise its existing equipment and to remain at the forefront of the development of CSEM technology.

7.6 Overview of CSEM technology

This section provides background information on the CSEM technology used by **EMGS** for its 3D CSEM survey operations.

7.6.1 CSEM technology

The CSEM technology used by **EMGS** in its 3D CSEM survey projects can be divided into two distinct methods, controlled-source CSEM surveying and MT surveying. These methods are described in more detail below.

CSEM surveying

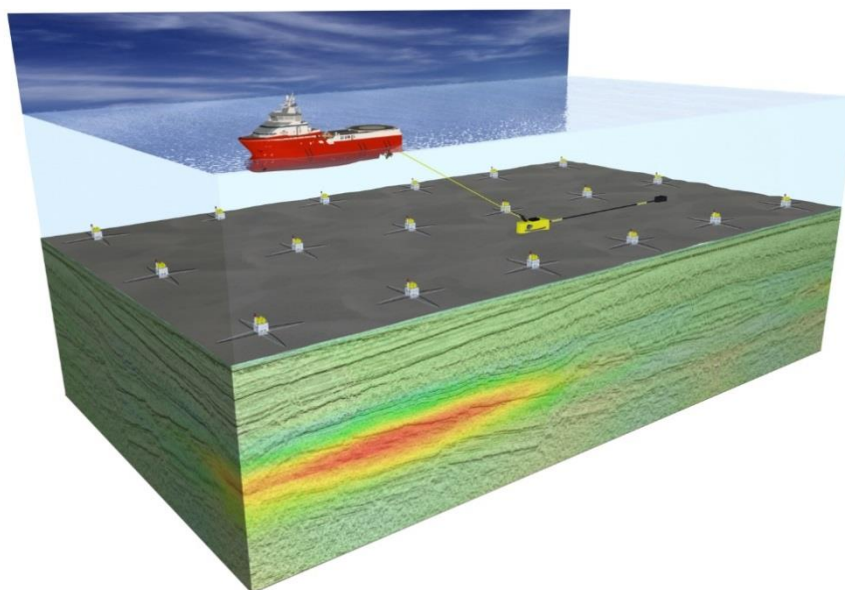
When performing a 3D CSEM survey, a powerful horizontal electric dipole is towed about 30 meters above the seafloor. The dipole source transmits a carefully designed, low-frequency electromagnetic signal into the subsurface. The energy transmitted from the dipole into the subsurface is rapidly attenuated in conductive sediments, while it is attenuated at a slower pace and propagated faster in more resistive sediments, such as hydrocarbon-filled reservoirs.

Grids of seabed receivers measure the energy that has propagated through the sea and the subsurface. The information from these receivers is processed, modelled and inverted to produce 3D resistivity volumes from the area beneath the receivers. These datasets are integrated with other subsurface information to enable the user to make drilling (exploration, appraisal, and or development) decisions with greater confidence.

Wellbore resistivity has long been the fundamental formation evaluation measurement. Marine 3D CSEM surveying uses the same principles to map resistive bodies such as commercial-scale hydrocarbon reservoirs below the seabed.

As pore fluid resistivity largely determines the CSEM response, with brine being very conductive and hydrocarbons (oil and gas) being very resistive, CSEM surveying is a valuable supplement to seismic techniques that generally provide structural information of the subsurface and prospect. The combination of the two techniques (CSEM and seismic) together with other complementary subsurface information forms a valuable set of exploration tools.

Please see figure below for a schematic view of a CSEM survey.

Figure 2: Schematic view of a CSEM survey**MT surveying**

Similar to 2D and 3D CSEM surveying, the MT technique generates insight into the subsurface by recognising the different resistivity of the bodies in the sub-surface.

Marine MT surveys map subsurface resistivity variations by measuring naturally occurring electric and magnetic fields on the seabed. The sensitivity of the receivers used in a 3D CSEM survey enables **EMGS** to acquire high-quality MT data inherently as part of the CSEM survey when the controlled source is inactive. The naturally occurring electric and magnetic fields are generated by the interactions of solar wind with the earth's magnetic field, which, when strong, are known as geomagnetic storms. The source fields are very low frequency, which offers excellent depth penetration.

The low-frequency, deep-sensing nature of MT surveying makes the technique excellent for mapping and interpreting regional geology. MT technology does not have the same sensitivity towards thin horizontal resistors as the CSEM technique but it is highly efficient in penetrating the thicker resistive layers that might otherwise be challenging for CSEM and other seismic techniques.

MT surveys have been found most useful in salt and basalt settings where the flanks and/or the base are not well controlled. MT measurements can, therefore, form an excellent complement to other geophysical data, particularly in settings where high-impedance volcanic rocks or salt make the interpretation of other geophysical data challenging.

7.6.2 Application of CSEM technology

The CSEM services offered by **EMGS** are used in all stages of the offshore exploration and development process. Applications of **EMGS'** CSEM technology include prospect finding, ranking identified prospects, and validating prospects in frontier settings and known and/or mature fields. Below, the application of CSEM technology in the various phases of the offshore exploration and development process is described in more detail.

Prospect Finding

In the initial stages of the exploration and production process, oil and gas companies as well as other customers of **EMGS** (e.g. government agencies) use CSEM services to evaluate whether a particular offshore acreage is of interest in terms of exploration for future commercial production of hydrocarbons. In some instances, government agencies will conduct CSEM surveys before licensing decisions are made to better understand the acreage value. Likewise, CSEM data can be used as an additional decision-making tool for operators detecting and evaluating licensed acreage for prospects or additional / undrilled prospects.

Prospect Ranking

Once a number of prospects are identified, CSEM surveys can help operators significantly increase the probability of correctly evaluating the fluid content of a prospective reservoir defined from seismic information in combination with CSEM data. CSEM surveys are used to help operators enhance their knowledge of the formation and for each individual prospect, providing additional data that enables operators to confirm or discount prospects before making further investments and or deciding on the drilling order of multiple prospects, thereby reducing the risk of drilling dry wells and increasing the probability of success of exploration projects.

Prospect / Field Appraisal

In the context of known fields and prospects, CSEM surveys can be used to ascertain a field's commercial viability and aid in development planning by improving reservoir delineation. CSEM can also assist in the positioning of an exploration well, appraisal wells, and subsequent development wells and can be used to reduce the number of wells that would typically be required for a field.

7.7 Overview of EMGS' business activities

EMGS' CSEM services are used in all stages of the offshore exploration and development process. CSEM's range of applications currently includes scanning for new offshore prospects, ranking of identified prospects and the validation of prospects (in frontier acreage and mature fields). The precise penetration depth is dependent upon the specific electrical properties of the subsurface and the size of the prospect. The time frame for a survey is dependent on water depth, the size of the survey, the weather, the distance between individual receivers, the agreed towing specifications, geological circumstances, the type of data requested by the client, the destination, local permit requirements and fishing activities in the area, and thus varies from case to case.

EMGS offers complete CSEM solution package, including pre-CSEM survey feasibility studies and related modelling, data acquisition and data processing and interpretation. Services are offered on a contract (proprietary) basis as well as multi-client data.

This section describes the various products and services that **EMGS** offers to its customers.

7.7.1 Pre-CSEM sensitivity analysis

In order to investigate and determine how suitable the CSEM technology is at a specific site, **EMGS** conducts a technical feasibility study. Proprietary 3D CSEM modelling software is used in interaction with customers to understand the expected CSEM response from their targets of interest. The software compares this response to the measurement performance of **EMGS'** equipment and the imaging software's capabilities. From this process, the confidence in achieving the customer's imaging objectives can be quantified. Additionally, results from sensitivity analysis are used to optimise acquisition parameters, such as transmission frequencies and source-receiver offsets.

7.7.2 Data acquisition

Data acquisition is carried out using survey vessels equipped with **EMGS'** equipment. The first stage in the data acquisition process is planning the CSEM survey. This stage typically involves defining the survey grid layout and towing pattern to ensure optimal data quality from the target site.

Following this analysis, **EMGS** deploys a vessel to conduct the survey. A vessel can only be used for acquiring one survey at the time. The maximum acquisition capacity is therefore dependent on the number of vessels available to **EMGS**. Each vessel used by **EMGS** is equipped with dynamic-positioning navigation technology allowing for accurate positioning of the CSEM equipment. Each vessel operates with a complete set of CSEM equipment, including cables, deck cranes, an a-frame and winches. In addition, each vessel is equipped with various source systems, including power supply, umbilical and handling systems.

Once the survey-planning is completed, CSEM receivers are deployed at pre-determined locations on the seabed within the survey area. A CSEM source is then towed above the receivers, transmitting CSEM energy over and below the survey area. The sources can operate continuously and reliably for very long periods and without impact on the marine environment.

Once the survey is completed, the receivers are recovered from the seabed before the data is downloaded. The anchors are left on the seabed but do not constitute sub-sea hazards or an environmental risk as they are made of dissolvable concrete.

Each survey vessel is equipped with quality control and data processing capabilities in order to conduct an initial high-level assessment of the data acquired. This on-board initial processing serves to ensure that the customers get optimal data quality and that a full dataset has been acquired before leaving the survey site. Following this initial on-vessel data processing, refinements to and/or extensions of the CSEM survey are possible, if required.

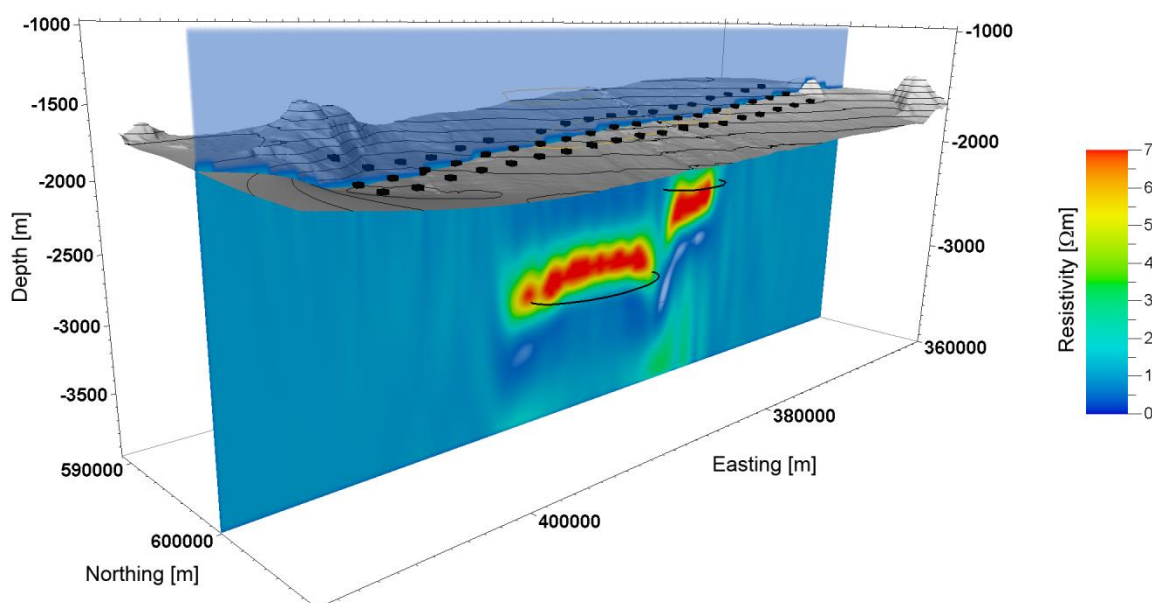
7.7.3 Data Processing

After the data has been acquired, the data is processed and inverted to allow the interpretation to start. **EMGS** offers its customers a wide a range of inversion options, with the most applicable being 3D anisotropic inversion which produces 3D images of the earth's resistivity structure. Other inversion tools include Gauss-Newton (optimised algorithm) and TTI (to deal with steep dips).

7.7.4 Interpretation Services

Integrated with seismic data, the interpretation process involves multiple sources of information (such as seismic, well data & CSEM) combined into a single product. In exploration, this typically is translated into the prediction of the likelihood of finding hydrocarbons for a certain prospect or number of prospects and the potential volumes for each prospect. Generating these predictions is at the core of our customers' business; however, many customers still lack the needed in-house capabilities to take the CSEM information through this process themselves. **EMGS** has therefore developed the tools, workflows, exploration experience and training programs needed to support its customers carry out this integrated interpretation themselves and make decisions based on the new information CSEM provides.

See figure below for a 3D inversion from a test survey.

Figure 3: 3D inversion output

7.7.5 Multi-client data

In addition to rendering CSEM survey services for its customers on a proprietary basis, **EMGS** is also engaged in the licensing of **EMGS** owned multi-client data. The multi-client data library consists of data from CSEM surveys which can be integrated with regional geological information and seismic data. The multi-client data can be licensed to customers on a non-exclusive basis. Customers are granted a license from **EMGS** which entitles the customer to access specific data from the multi-client data library.

Contrary to CSEM survey services that are carried out for a specific customer, **EMGS** typically secures funding from (a group of) customers before it commences with a multi-client project ("**Pre-Funding**"). The Pre-Funding is a benefit to **EMGS** as it reduces the financial risk related to the CSEM survey, while the customers who pre-fund the CSEM study have the opportunity to influence the project specifications, gain early access to acquired data, and typically at discounted prices. Generally, the Pre-Funding obtained and discounted sales in multi-client projects allow **EMGS** to cover a part or all the costs it incurs in conducting the survey.

Once the CSEM data has been acquired and processed, **EMGS** markets licenses to the data in the period thereafter to generate late sales.

Multi-client projects are seen by **EMGS** as a mid- to long term investment. While multi-client data sets have a maximum balance sheet lifetime of 4 years, it might generate sales for a longer period.

7.8 **EMGS'** key operational components

EMGS has invested heavily in developing reliable equipment for the acquisition and processing of high-quality CSEM data. **EMGS** draws on its significant CSEM operating experience to design proprietary survey equipment and processing technology.

EMGS owns the majority of the operational equipment on the vessels, including all sources, winches and handling systems, computers and other hardware. As of 31 December 2017, **EMGS** leases 20 out of its total inventory of almost 530 receivers.

The key components used in **EMGS'** CSEM operations are as follows:

Vessels

EMGS charters the vessels it uses to perform CSEM services and surveys. Each vessel possesses dynamic-positioning / navigation technology allowing for accurate positioning of the CSEM equipment during operations. Each vessel operates with a complete set of CSEM equipment, as well as associated equipment, including cables, deck cranes and winches. For a description of **EMGS** vessel fleet, see Section 7.9 "Vessels" below.

Source

The various sources that **EMGS** uses to transmit the required energy into the subsurface are custom built. The source is towed behind the vessel at typically 30m above the seabed. In shallow(er) water, **EMGS** offers the ShelfXpress to the market whereas in deepwater either the conventional source system or DeepBlue is offered. The DeepBlue (developed under the JIP) opens a new market for **EMGS** as it increases the depth of investigation (below mudline) well beyond the capabilities of the conventional source systems. In addition, the DeepBlue source increases imaging confidence and resolution for targets that can already be detected with the conventional source system. The DeepBlue can operate in water depths up to 4,000m.

Receivers

EMGS uses receivers that are designed and assembled in-house. The receivers are dropped to the seabed where they measure field strengths that vary greatly in magnitude, from weak, naturally occurring magnetotelluric signals to strong CSEM signals. Highly precise signal timing enables **EMGS** to measure the CSEM phase with respect to the source. For accurate seabed positioning, the receivers are designed to descend rapidly; to enable large surveys to be performed, they can remain autonomous for weeks.

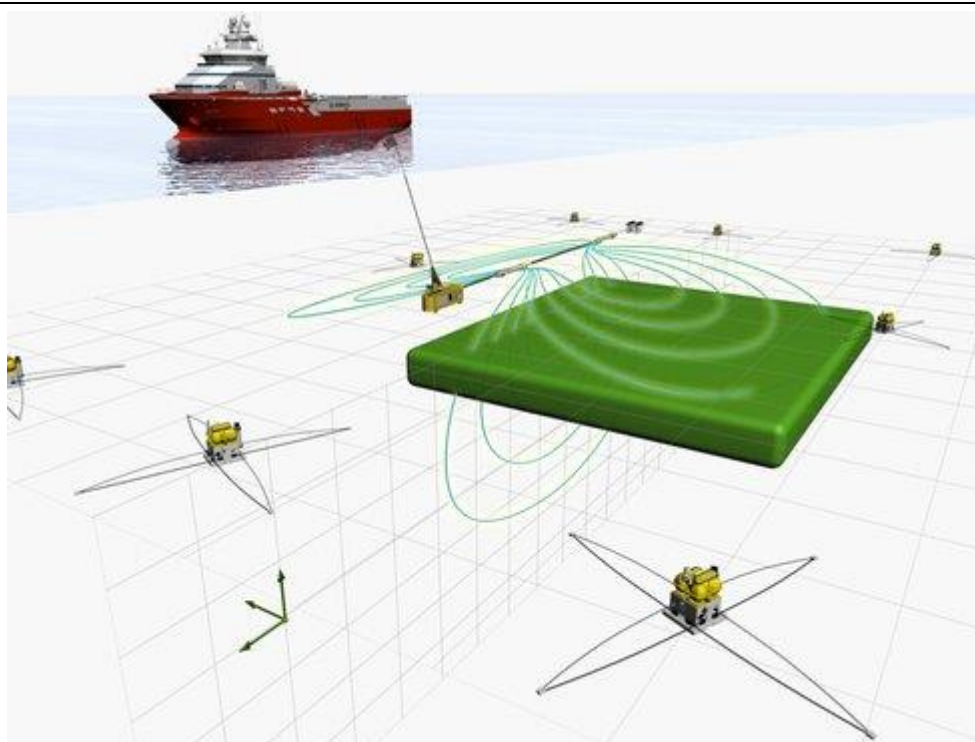
Data analysis software

EMGS has developed data analysis software and capabilities that enable it to perform 3D inversions and advanced modelling of acquired CSEM data. In addition, the data analysis software can easily integrate CSEM data with other geophysical data. The capabilities of the data analysis software allow **EMGS** to offer its customers improved data from which they can base their commercial decisions. **EMGS** utilises sophisticated and highly technical computer data and processing clusters to perform these services as well as processing functions. Specifically, **EMGS** possesses a cluster located in Trondheim, Norway.

Containerised solutions

EMGS has developed a containerised solution for its data acquisition equipment, including the computerised operations room, capable of being transported in two 20-foot containers. This makes it possible to transport the CSEM surveying equipment—by land, sea or air—and mobilise it in a relatively short period of time on a variety of suitable vessels located anywhere in the world. This ability enables **EMGS** to deliver cost-effective and operationally efficient survey solutions worldwide in excess of the two currently leased vessels, provided the survey size and demand is sufficiently large.

The image below shows a schematic view of the deployment of source and receivers:

Figure 4: Deployment of source and receivers

7.9 Vessels

Fleet

EMGS currently has two charter agreements in place, each with a different vessel owner. BOA Offshore (from Norway) has leased the purpose-built (in 2008) 3D CSEM vessel BOA Thalassa to **EMGS**, whereas North Sea Shipping AS (from Norway) has leased the Atlantic Guardian to **EMGS**. The Atlantic Guardian was considerably upgraded in the fall of 2014.

*The following table presents certain information concerning the chartered vessels in **EMGS'** fleet as of the date of this Prospectus:*

<u>Vessel</u>	<u>Built</u>	<u>Last refurbishment</u>	<u>Delivery date</u>	<u>Charter expiration Date</u>	<u>Gross tonnage</u>	<u>Flag</u>	<u>Operational status</u>
Atlantic Guardian	2001	Dec 2014	Oct 2016	Oct 2021	7,172	NIS	Operating in Norway
BOA Thalassa	2008	N/A	Oct 2017	Oct 2019	5,061	Cayman Islands	Idle in Asia

The vessel operators, from which the vessels are leased, provide fully functioning vessels including the maritime crew and ship management under time charter agreements. The CSEM equipment and surveying and processing crew on board of the vessels are provided by **EMGS**.

For a brief description of the charter agreements for each vessel, please refer to Section 7.18 "Overview of contracts".

Figure 5: BOA Thalassa

7.10 Customers

EMGS' customers include leading oil and gas companies, independent exploration and production companies and national oil companies. Since 2002, **EMGS** has provided its services to more than 150 clients. CSEM surveys have been conducted under a wide variety of operating conditions and in virtually every major basin around the world. **EMGS** has a number of general licensing agreements in place with certain customers allowing **EMGS** to provide data and or its services without having to negotiate the terms and conditions of the engagement for each project. **EMGS** considers the framework agreements useful since it reduces the legal and administrative burden of negotiating terms and conditions for each individual sale and or project.

The customer base is not static and new significant customers have arisen as a result of the wider acceptance of the CSEM technology in the market place.

EMGS has experienced that the multi-client model is becoming increasingly in demand from the customers. The sales from multi-client data represented 90% in 2017 whereas the past was more balanced between proprietary surveys and multi-client driven data sales.

The table below sets forth **EMGS'** largest customers by revenue for the periods indicated:

<u>Year</u>	<u>Largest Customers</u>
2012	Petrobras, Pemex and Shell
2013	Shell, Pemex, Chevron and Nippon
2014	Pemex, North Energy, Statoil and PXP Morocco
2015	BG Uruguay, Pemex, EON Norge, Petronas
2016	ONGC, Petronas, Statoil
2017	Statoil

7.11 Business strategy

Going forward, **EMGS'** strategy is to maintain a flexible and scalable business model. This will be assured by remaining its asset-light operational model, including the current charter agreements with two vessels owning companies. The Company will continue to execute a mix of contract work and multi-client projects with national oil companies and select group of international oil companies procuring contract work.

While **EMGS** has used its flexible business model to downscale its operations during 2015, 2016 and 2017 to bring the Company's cost base in line with current market activity, the Company will seek to scale up when the market turns and the demand for CSEM services increases.

7.12 Research & Development

Continuous R&D activities are conducted by **EMGS** in order to maintain its position and to further improve the accuracy and reliability of the acquisition, processing and imaging process. The latter aspect is important, since the CSEM technology is relatively new compared to the more widely used seismic survey technology and historically it has proven to be challenging to produce CSEM data with the required consistency in quality to convince potential customers of the benefits of adding CSEM technology to their decision-making process.

As of 31 December 2017, **EMGS'** R&D staff included 17 scientists, engineers and programmers. During 2015, 2016 and 2017 **EMGS** invested, USD 2.1 million, USD 0.9 million and USD 0.8 million, respectively in R&D. In addition, **EMGS** capitalises certain R&D expenses in accordance with IFRS. In 2015, 2016 and 2017 the Company capitalised USD 1.1 million, USD 0.5 million and USD 0.5 million of its employee expenses as R&D, respectively.

EMGS' R&D efforts concentrate on extending the technological capability of its equipment, the development of data processing and imaging capabilities. To promote the increased use of CSEM surveys, and the scanning of larger areas, R&D efforts also focus on increasing the efficiency of data acquisition to reduce operating times and costs, while expanding the potential survey areas to be covered in a single survey.

As a result of the reduced activity in the oil and gas sector, **EMGS** has reduced its investments into R&D to a minimum. For a description of the reductions and the expected impact on the prospects of the Company, refer to Section 7.21 "Factors affecting the Group".

7.13 Sales and Marketing

EMGS' marketing and sales functions are performed on a coordinated basis by its sales and technical personnel. **EMGS'** sales people and technical personnel continuously communicate with the Company's current customers and potential new customers to ensure customer satisfaction, determine customer needs and requirements with respect to services currently being provided and to ascertain potential future customer requirements and needs.

This ongoing communication allows **EMGS** to quickly identify and respond to customer requests and requirements.

EMGS' contracts are obtained through a tender process or through direct contract awards with its customers. Procuring a contract can be a lengthy process in which **EMGS** may perform certain services prior to entering into any contract or letter of intent with a prospective customer. Important competitive factors in winning contracts include first-to-market advantage, patent protection, technological capacity such as depth of imaging and sensitivity to a prospective target hydrocarbon reservoir, service quality, performance, reputation, experience of personnel, customer relationships as well as price.

EMGS' ability to successfully compete in the CSEM market requires the Company to maintain a global presence and **EMGS** therefore has a global network of sales offices. At present, **EMGS** has sales offices or operations in Trondheim, Oslo, Houston, Kuala Lumpur, Rio de Janeiro, Mexico City and Mumbai. **EMGS** leases its office facilities in each location under lease arrangements with varying terms and conditions. In addition, **EMGS** utilises certain agency relationships which are customary in the industry.

Due to the reduced activity in the oil and gas sector, **EMGS** has adjusted its sales and marketing expenses. For a description of these effects, please refer to Section 7.21 "Factors affecting the Group".

7.14 Competition

The global market for geophysical technologies, services, and products in the oil and gas industry is highly competitive and is characterised by continuous changes in technology. Within this market there are various product offerings and services based on numerous technologies, including seismic surveys, which is based on a technology that has been widely used by companies in the oil and gas industry for more than fifty years. While suppliers providing such services and products are not direct competitors of **EMGS**, the Company competes with these suppliers for the exploration budgets as made available in the oil and gas industry. Companies providing seismic survey services include, among others, Schlumberger, CGG and PGS.

The CSEM technology is relatively new compared to seismic surveys. A significant part of the sales process towards new customers therefore requires the Company to convince prospective customers about the advantages of using CSEM technology as a complement to seismic surveys. The quality and therefore value of our services has vastly improved over the years as we evolved from providing 2D services to 3D services, improved our imaging capabilities and have with experience enhanced the applicability of our services in the exploration domain. Past experiences may have affected how some potential customers view the CSEM technology.'

With respect to CSEM and / or EM surveys, there is, following PGS' decision to pause (so called *mothballing*) its EM program in 2017, currently only one other active player in the market place known to the Company; Petromarker. When and if PGS chooses to reactivate its EM offering, PGS would, again, be competing with **EMGS**. In addition, **EMGS** is aware that BGP, an affiliate of China National Petroleum Corporation, is also offering CSEM services. It is however unclear to **EMGS** how mature BGP's CSEM technology is and to what extent their offerings is able to compete with that of **EMGS**. **EMGS** has not experienced any offerings / competition from BGP in its core markets. Other than as described in this section, the Company is not aware of any other relevant competitors within the offshore EM/ CSEM market.

7.15 Employees

As of 31 December 2017, **EMGS** had 123 permanent employees. In addition, **EMGS** has retained 6 consultants to provide additional services. These employees are based in Europe, America and Asia. As of 31 December 2015, 2016, and 2017 the Group had 239, 143, and 123 employees, respectively.

Each vessel in **EMGS'** fleet requires a maritime crew to operate the vessel and a relatively small technical crew to perform the CSEM services. The maritime crew is provided by the vessel owner and the technical crew consists of **EMGS** employees. The **EMGS** vessel crew will typically consist of approximately 12 employees on board the vessel, whereas the maritime crew may range from 12 to 20 mariners depending on the size, class and requirements of the vessel and project area.

EMGS considers its relationship with its employees to be good and does not currently foresee a shortage in the number of qualified personnel needed to operate its business.

7.16 Intellectual Property

EMGS has extensive patent protection in place to protect the commercial advantage it derives from its technology. **EMGS** has 78 patents covering over 6 patent families granted in 27 jurisdictions and 4 applications pending in 3 jurisdictions. The patents cover the methods and equipment used in CSEM surveys.

EMGS' intellectual property ("IP") position consists of three parts:

1. Equipment
2. Method
3. Analysis

While all three parts of the IP are required to produce, or copy **EMGS** products and services, a majority of **EMGS'** patents relate to the methodology used in gathering the CSEM data (includes some patents for CSEM equipment as well). In practice, this means that **EMGS'** patents represent only elements in the total IP picture used by **EMGS**. Other parts of the IP portfolio are not published and is a part of **EMGS'** know-how.

EMGS is dependent upon the use of its patented methods, but due to the importance of its internal know-how the Company is not dependent upon these methods being patented.

EMGS' current portfolio includes 78 patents covering 6 patent families granted in 27 jurisdictions. As part of the cost reduction program, **EMGS** has reduced the patent coverage to the most essential patents. Since December 2015, the patent portfolio has therefore been reduced from over 185 patents covering over 20 patent families granted in 33 jurisdictions. The portfolio includes cases in North and South America, Africa, Europe, Asia and Australasia. It is in the nature of a patent portfolio that some patents are being surrendered as new, more precise and specific patents are granted which cover the core areas in a better way. **EMGS** has therefore revoked/surrendered a number of patents over time and expects to continue to do so.

The main method patents expire in February 2021.

As a result of an entitlement proceeding in the United Kingdom patent office, **EMGS** also owns a patent application filed by the University of Southampton and six other foreign applications (resulting in three issued patents as of 1 March 2007).

EMGS also treats certain information as trade secrets and confidential information. For example, **EMGS** uses computer software applications in its data processing, inversion and modelling that have been developed internally and/or with third parties. **EMGS** treats these computer software applications, and the combination thereof, as trade secrets and confidential information and enters into confidentiality agreements to protect the information. **EMGS** also treats various other types of technical and commercial information as confidential.

7.17 Suppliers and Sourcing

EMGS' CSEM survey equipment is sourced from several suppliers and subcontractors, as further described below.

Receivers

The receivers are designed in-house, and critical parts of the design are proprietary. Certain components for these receivers are sourced from multiple suppliers in Norway, the UK and the U.S., while some components are sourced from a limited supplier base. As of the date of this Prospectus, **EMGS** has not experienced problems with these suppliers, but capacity constraints or other factors may limit the availability of these key components from time to time. Alternative suppliers for these components can be found, however, utilising these suppliers would require minor changes to the components. Assembly of the receivers are done locally in Norway, and for these services, multiple vendors are available.

CSEM source

The CSEM source is developed and designed in collaboration with two key suppliers and **EMGS** maintains exclusivity arrangements with each of these vendors. The current designs have evolved based on CSEM specific requirements and operational experience. These key suppliers may from time to time have capacity constraints or other factors limiting their ability to manufacture further source systems in a timely manner. The navigation and positioning equipment on the source is purchased from a limited number of vendors. Alternative solutions are available from several vendors.

Navigation and position system

The navigation and positioning systems, hardware and software and on-board each of **EMGS'** chartered vessels are typically standardised equipment requiring little adaptation for CSEM use. The INS software (Integrated Navigation System Software) specifically is a custom-made software made for node based CSEM operations. **EMGS** has access to this software through a multi-year agreement.

Winches and umbilical cables

EMGS also utilises winches and umbilical cables in connection with the performance of its services. The winches are supplied by one company and the umbilical cables are supplied by a different company. These suppliers may have capacity constraints or other factors limiting the availability for further production of these supplies from time to time. However, there exist alternative suppliers in the market that can provide winches and umbilical cables suitable for **EMGS'** use, but manufacture of these supplies will often require between six to twelve months.

7.18 Overview of contracts

Below is a description of the contracts that the Company considers relevant to its current operations, including those considered as Backlog, the charter agreements for its vessels and various cooperation agreements for the acquisition of seismic data and the research and development of new and enhanced equipment.

Contracts with customers announced in 2017 and Backlog

Below is an overview of the status of the main contracts with its customers that the Company has announced in 2017 and up to the date of this Prospectus:

- In June 2017, **EMGS** announced prefunding agreements related to multi-client surveys in Norway for both the conventional and Deep Blue source.
- In October 2017, **EMGS** announced a contract worth USD 2.5 million for prefunding of a survey in Canada.
- In December 2017, **EMGS** signed two agreements for multi-client acquisition offshore Indonesia with an aggregate minimum gross contract value in the amount of USD 2.8 million. As of 31 December 2017, USD 2.8 million related to both contracts were considered Backlog.
- **EMGS** has recorded multi-client sales of a total of USD 32.4 million in 2017. All contracts and agreements that the Company has announced regarding the sale of licenses to multi-client data have been completed.⁴
- In January 2018, **EMGS** announced net uplifts of approximately USD 1 million in net uplifts from data-licensing agreements related to the Company's multi-client library in connection with the Awards in Pre-defined Areas (APA 2017) licensing round.

The Company has no recurring contracts as it signs contracts for specific projects that will generate revenue for a defined period in the future. The expected revenue to be generated from a signed contract is reported as Backlog. As of the date of this Prospectus, the Company has a total Backlog of approximately USD 3.1 million. The (acquisition) work related to the main part of this backlog has been completed, but the Company has still not recognized the revenues related to this acquisition.

Charter agreements

EMGS charters two vessels from two different ship owners. The terms for the charters are controlled through charter agreements with the ship owners. The Company currently charters the BOA Thalassa, which is chartered from the Boa Group (Boa SBL AS) and the Atlantic Guardian, which is chartered from North Sea Shipping. The Company is dependent upon these vessels in the provision of its services. The key characteristics of the charter agreements that **EMGS** has for each vessel are described below.

BOA Thalassa

The BOA Thalassa is on a fixed rate charter agreement. The new charter agreement was entered into in January 2017. The charter that is set to expire in October 2019 with an option to extend until April 2021.

Atlantic Guardian

The Atlantic Guardian is on a fixed rate charter agreement that is set to expire in October 2021.

Cooperation agreements

The Company signs cooperation agreements from time to time for the acquisition of CSEM data as well as joint industry projects for the development of new technology. These contracts are not considered material to the Company's operations.

⁴ Multi-client data late sales relate to data that already has been acquired and processed and the contract/agreement is therefore typically carried out immediately following announcement.

Cooperation agreements with TGS

In May 2013, **EMGS** entered into a general cooperation agreement with TGS for joint multi-client projects in defined areas in north-western Europe. Under the agreement, **EMGS** was given access to TGS' 2D seismic data to optimise the planning for new 3D CSEM projects. In return, TGS was given access to 2D/3D CSEM data from **EMGS** to design and acquire new seismic projects.

Following the general cooperation agreement described above, the two companies have announced several specific joint investment projects in the Barents Sea in Norway. The most recent agreement was announced on 20 January 2017 and included an agreement to acquire 3D CSEM in the Barents Sea. The two companies shared the necessary investments under this agreement equally. The cash contribution from TGS under these joint projects has been recognised as a reduction in the carrying value of **EMGS** multi-client library. As of 31 December 2017, the data acquisition under all joint agreements with TGS, and thus also joint investments, has been completed.

As of 31 December 2017, TGS had ownership in multi-client CSEM data over a total of 49 blocks in the Barents Sea. Of these, TGS owns 30% of data over 17 blocks in the Hoop area and 50% of data over 32 blocks in other parts of the Barents Sea.

The multi-client CSEM data acquired under the different cooperation agreements with TGS have the potential of generating multi-client late sales. All revenue from these joint multi-client projects will be shared between **EMGS** and TGS in accordance with each participant's relative ownership in each block.

In addition to that mentioned above, TGS will be allocated 10% of late-sales from **EMGS'** multi-client data covering the Daybreak project in the US Gulf of Mexico where TGS gave **EMGS** access to its seismic data to improve **EMGS'** planning of the CSEM project.

Cooperation agreement with Spectrum

On 24 January 2013, **EMGS** entered into a cooperation agreement with Spectrum for the acquisition of 3D CSEM multi-client data covering the Fez de Amazonas basin in Brazil. The agreement included that **EMGS** was given access to Spectrum's seismic data from the basin for planning and improved imaging purposes. **EMGS** acquired CSEM data covering approximately 4,500 square kilometres of the Foz de Amazonas basin. The data acquisition under the cooperation agreement with Spectrum was completed in 2013 and there are no remaining investments relating to this agreement. The multi-client data acquired under the cooperation agreement between the two companies have the potential of generating late sales. All revenue from these joint multi-client projects will be shared between **EMGS** and Spectrum in accordance with the revenue sharing agreement (i.e. Spectrum is allocated 5 % of any revenue up to cost recovery and 25 % after cost recovery).

R&D agreements with universities, research institutions and oil and gas companies

EMGS has from time to time entered into agreements with third parties, including universities, research institutions and oil and gas companies for specific case-by-case R&D projects. The Company is currently involved in R&D projects where the expenditures are reliant on funding from oil and gas companies. Despite the reduced spending within the oil and gas sector, the Company expects that all parties involved in these agreements will meet their obligations. The Company expects to continue its cooperation with third parties for the funding of and work with R&D projects and the Company will continue to enter these agreements on a case-by-case basis.

Joint industry project agreement with Shell and Statoil

EMGS is currently involved in a joint industry project ("JIP") with Shell and Statoil. The JIP was entered into to take advantage of knowledge and experience from each participant in developing, constructing and testing next generation CSEM equipment. The new equipment will see improvements in the source output, both in terms of an increased dipole moment and a broader frequency spectrum. The receivers will have an improved signal-to-noise ratio and improvements in the navigation system which will result in reduced uncertainties in source dipole and receiver positioning. Combined, this will constitute a step change for CSEM technology, as it will enable the imaging of smaller and deeper targets making the CSEM technology applicable in an increased number of cases. The project continued throughout 2017, and the carrying value of the JIP as of 31 December 2017 was USD 31.7 million. **EMGS** has received prepayments from Shell and Statoil. These are recorded as provisions and amounted to USD 20.6 million per 31 December 2017.

In 2016, the prototype for the Advanced CSEM System was successfully tested offshore performing data acquisition projects for each sponsor. The field test confirmed the source unit's increased output power and the performance of it in conjunction with navigation systems and receivers. The results were in line with the expected improved penetration of the CSEM fields into the subsurface and reduced signal to noise ratio.

In 2017, the first commercial survey using the JIP source was conducted by **EMGS**. Subsequent work and developments allowed the Company to conduct a fjord test of the JIP source in 2018, where the source was tested at an output of 10,000 Amps. The total future investment in order to complete the full JIP equipment set is expected to be approximately USD 25 million and the Company estimates that the full commercialisation stage will take place over multiple stages over multiple years.

The original JIP agreement has been amended wherein the Deep Blue source is available to the industry. At the date of this Prospectus, the JIP partners still have certain (preferential) rights related to the use of the JIP.

7.19 Permits

A majority of companies involved in the acquisition of geophysical data are required to obtain permits from the government that controls the basin where the data is to be gathered from. **EMGS** may for example be required to obtain permits to operate in certain jurisdictions, including but not limited to permits to acquire multi-client data. These permits are entered into on a case-by-case basis depending on the geographical location in which the Company is acquiring CSEM data. **EMGS'** ability to conduct its acquisition business is dependent on being able to secure such permits from time-to-time for the areas relevant to each survey. Such permits are normally obtained as a matter of course, but the Company has in some instances experienced delays in obtaining such permits and in one instance been refused a permit⁵.

7.20 Insurance

EMGS holds insurance against physical loss of or damage to its operational marine equipment, both on- and off-vessel, including when such equipment is in storage. It maintains global insurance in respect of its workforce (excluding the maritime workers on-board the chartered vessels who are insured by vessel owners), including worker's compensation, personal injury and death insurances. **EMGS** holds inventory damage insurance in respect of its corporate and sales offices, including coverage for all hardware and computer equipment. **EMGS** does not maintain any insurance relating to its chartered vessels or its hardware data processing equipment as such property is insured by their respective owners. **EMGS** does not maintain business interruption insurance as

⁵ **EMGS** has experienced delays in obtaining permits in Mexico, Norway and Canada. In addition, the Company has failed to obtain a permit in China (not occurred in any other country).

EMGS' management believes that the current cost of such insurance is not commensurate with the benefit given **EMGS'** industry characteristics. See, "Risk Factors—Risks Relating to **EMGS'** Business—The nature of **EMGS'** business is subject to significant ongoing operating risks for which it may not have adequate insurance or for which **EMGS** may not be able to procure adequate insurance on economic terms, if at all see under Section 2 Risk factors for further description.

EMGS maintains various liability insurances for: Directors and Officers, Commercial General Liability and Protection & Indemnity as time charterer, for the chartered vessels/fleet.

As of the date of this Prospectus, **EMGS'** management believes that the type and relative amounts of insurance which it holds are in accordance with what is customary in the industry and geographic jurisdictions in which it operates.

7.21 Factors affecting the Group

As a response to the declining activity in the markets in which it operates, **EMGS** has implemented several cost-reducing measures during 2015 and 2016 to bring its cost base in line with the current activity level. **EMGS** continued its cost focus in 2017. The cost reduction measures have included layoffs (permanent and temporary), reduction of office lease costs, reduction of the fleet by two vessels and renegotiation of charter agreements on its remaining two vessels. The new charter rates are significantly lower than the previous charter rates.

The basis for the cost reducing measures has been to adjust the organisation to the current operating level. The Company has utilised zero-based budgeting to find the optimal organisation structure to support a two-vessel operation together with continued focus on multi-client sales, and state of the art processing whilst still ring-fencing key development projects.

However, investors will need to note that **EMGS'** financial position is and remains, irrespective of the cost cutting and optimisation measures described above, dependent on being able to achieve higher revenue levels than those currently being reported. Based on the current situation and following the Rights Issue and the refinancing of the Existing Bond Issue through the Convertible Bond Issue, **EMGS** will have sufficient working capital for a period beyond the next twelve months. Please also refer to Section 2.1.23 "**EMGS'** working capital needs beyond the next 12 months are difficult to forecast and may be subject to significant and rapid increases which could result in additional financing requirements that **EMGS** may not be able to obtain on satisfactory terms or at all."

Research and development

The research and software groups have been reduced and on-going research/feasibility work was reduced to a minimum. During 2017, the Company's key projects that are close to completion are continued with minimal impact while less developed projects are put on hold and re-prioritised based on customer demand. This prioritisation continues in 2018. Other projects and low priority projects have been "parked" until the market conditions improve. The reduced activity related to the research and development is likely to have limited impact in the short term, as the Company is in a strong technological position. In the longer term, sustained low investments into R&D will inhibit the Company from expanding any technical advantage currently possessed, which has the potential of harming its competitive position relative to its competitors.

Property, plant and equipment

The Company has reduced its investments into property, plant and equipment. However, this is unlikely to impact the Company in the short term, as the reduction from four to two vessels has ensured that the vessels that are under operation have sufficient spare equipment.

Multi-client investments

EMGS has been involved in several multi-client projects in 2017. The Company invested USD 4.2 million in its multi-client library in 2017, compared to USD 9.8 million and USD 32.5 million in the corresponding periods in 2016 and 2015 respectively. Although the market conditions were challenging in 2017, the Company continued to invest in multi-client projects considered important and with high likelihood of ensuring a return on investment. **EMGS** plans to make conservative investments in multi-client projects in 2018.

As a consequence of the Company's cost reduction programs, the Company now operates two vessels. This has and may continue to affect the Company's investments in multi-client projects. In addition, the reduced spending among oil and gas companies seems to continue in 2018. It is expected to impact the Company's multi-client investments going forward, forcing the Company to take a conservative and prudent view, judging each investment, in terms of expected returns in the short and medium-term, as it continues to be difficult to obtain Pre-Funding. The reduced investments in multi-client projects will reduce the Company's ability to continue developing its multi-client library, which could reduce prospective revenues from late-sales in the future. The carrying value of the multi-client library was USD 16.3 million at the end of 2017.

7.22 Trend information

Other than the factors described above in this Section, the Company is not aware of any governmental, economic, fiscal, monetary or political policies or factors likely to have a material effect on the Company's prospects for the current financial year.

The demand for the services provided by **EMGS** is dependent upon exploration spending among the oil and gas companies, which is dependent upon the development in the oil price. The Company therefore considers the development in the oil price as an important factor impacting its operations and business activities.

As of 16 April 2018 the Brent spot oil price is USD 71.55. In the period from 1 July 2014 to 31 December 2017, the oil price dropped from approximately USD 110 per barrel to USD 65 per barrel, corresponding to a 41% decline. The oil price remains low relative to the level that has been experienced since 2011 (avg. 2012-2014: 106.61). The drop in the oil price and the uncertainty regarding the future price level has negatively impacted spending among the oil and gas companies and reduced the demand for the services provided by **EMGS**. The Company expects the market fundamentals to remain weak in 2018. However, **EMGS** has noted an increase in commercial activity. In particular, the Company is experiencing increased interest and early stage commercial and technical discussions to more and potentially substantial proprietary and prefunded multi-client acquisitions outside of Norway.

Other than what is described above, the Company is not aware of any trends, demands, commitments or events that could have a material effect on the Group's prospects in the remainder of the current financial year.

8. LEGAL PROCEEDINGS

This discussion includes Forward-looking statements; see Section 4 “Cautionary note regarding forward-looking statements”. This section should be read in conjunction with the other parts of this prospectus, in particular Section 2 “Risk factors”.

As of the date of this Prospectus, and except for the proceedings listed below, **EMGS** has not in the previous 12 months been party to any governmental, legal or arbitration proceedings and **EMGS** is not aware of any such proceedings which are pending or threatened which may have, or have had in the recent past significant effects on **EMGS'** and/or its Group's financial position or profitability:

- **EMGS'** subsidiary *Serviços Geológicos Eletromagnético do Brasil Ltda* is currently in a tax dispute with the City of Rio de Janeiro, Brazil. The dispute involves the applicability of ISS which is a municipal service tax. The claim amounts to USD 3.5 million has been placed in a judicial deposit to avoid interest and penalties until the courts in Brazil has concluded on the right level of taxation. It is difficult to predict when the final court decision will be made.
- **EMGS** is furthermore engaged in several tax disputes with the Brazilian internal revenue service. These disputes are related to two main categories of claims by the IRS; (i) a non-approval by the IRS of certain tax offset requests by EMGS related to a credit of Social Contribution on Net Profits (all as provided for under Brazilian law); and (ii) payment of an administrative penalty fee of 50% over a previously disputed tax credit claim. EMGS disputes all of the claims received from the IRS and has initiated administrative proceedings in Brazil to that effect. Should EMGS ultimately be unsuccessful in disputing these claims, the aggregate potential additional tax liability amounts to approximately USD 0.3 million (exclusive of interest and penalties).
- Under an indemnity obligation, EMGS carries certain financial exposure related to a dispute involving one of its suppliers. Based on discussions with and advice from the Company's legal advisors, a provision in the amount of USD 0.8 million has been made related to EMGS' exposure under this dispute. This figure consists of EMGS' best estimate of its principal exposure, plus its expenses and legal fees related to handling the matter and protecting EMGS' interests

9. INDUSTRY AND MARKET DATA

*The Prospectus contains historical economic and industry data, and forecasts of such data. This information has been obtained from industry publications, market research and other independent third-party sources. Industry publications generally state that the historical information they provide has been obtained from sources and through methods believed to be reliable, but that they do not guarantee the accuracy and completeness of this information. Similarly, market research, while believed to be reliable, has not been independently verified by the Company. **EMGS'** management has accurately reproduced information published by a third party, and no facts in this respect have been omitted which would render the reproduced information inaccurate or misleading. However, **EMGS** does not represent that this information is accurate. Market and industry statistics are inherently predictive and subject to uncertainty and are not necessarily reflective of actual market or industry conditions. Such statistics are based on market research which itself is based on sampling and subjective judgments by both the researchers and the respondents, including judgments about what types of products and transactions should be included in the relevant market.*

*This Prospectus also contains information about the markets in which **EMGS** operates. **EMGS'** management is not aware of any exhaustive industry or market reports that cover or address the market for its services and products, partially reflecting the unique nature of the services which **EMGS** provides. Potential investors should be aware that the economic and industry data and forecasts and estimates of market data included in this Prospectus may not be reliable indicators of **EMGS'** future results.*

This discussion includes Forward-looking statements; see Section 4 "Cautionary note regarding forward-looking statements". This section should be read in conjunction with the other parts of this prospectus, in particular Section 2 "Risk factors".

9.1 Summary

The market for offshore services is mainly driven by the investment and activity level in offshore exploration, development and production of hydrocarbons. As **EMGS'** services are used to search for oil, its revenues are dependent on oil searching activity, which again is dependent on the oil price. The main drivers in exploration and production ("**E&P**") spending are the oil companies' need to replace reserves, indicating that the oil companies have to develop new and existing fields in order to increase and/or maintain their production of oil and gas. Historically, the investment level into E&P has primarily been dependent on the expected future oil and gas prices, available areas for exploration and development, as well as the overall financial performance of the oil companies. As available technology improves, and traditional offshore hydrocarbon basins mature, oil and gas companies are venturing further offshore, into less mature or entirely new basins to discover new reserves. These new and more remote offshore areas are, by their nature, harder to access and more technically challenging to develop, resulting in significant risk and cost implications for companies engaged in exploration and development.

The difficulty, risk and cost of finding and developing offshore reserves, combined with high oil and gas prices, have historically led to significant investment in technologies that make exploration in frontier areas possible and more economically viable. Among these are geophysical survey technologies, including CSEM which has emerged as the first technology to permit correlating the possible presence of offshore hydrocarbons in prospective subsurface structures through the remote measurement of CSEM resistivity of the fluid content within geological structures below the seabed.

The demand for CSEM surveying services is typically affected by the demand and supply for oil and gas, and the E&P outlook. Management considers the medium-term growth prospects for **EMGS** to be positive despite currently operating in an environment of low growth in E&P spending.

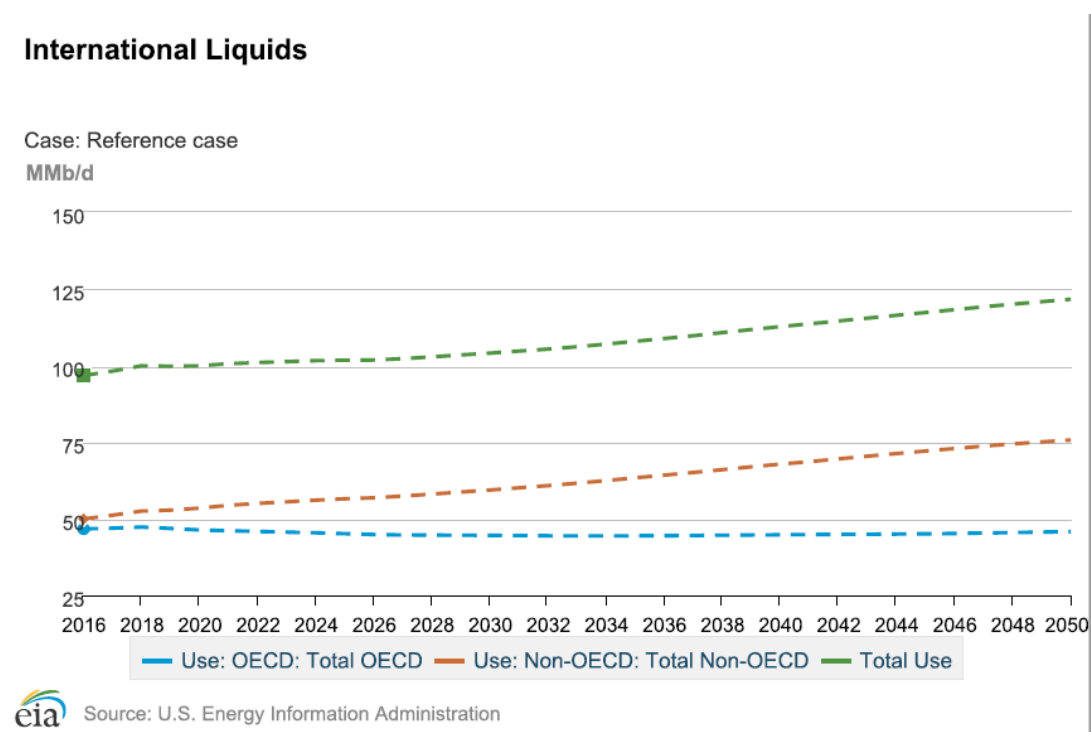
For a description of **EMGS'** competitors, please refer to section 7.14 "Competition".

9.1.1 Oil demand

The oil market is restoring the balance between supply and demand, and oil prices have recovered significantly since the lowpoint in January 2016. However, the recovery has taken longer than expected, and any further recovery from current levels is expected to take time. The U.S. Energy Information Administration (the "EIA") forecasts total international liquids (including petroleum) consumption to increase from 100.04 million barrels per day ("Mbbbl/d" or "MMb/d") in 2018 to 100.72 Mbbbl/d in 2021.⁶

The EIA expects liquids (including petroleum) to continue to be the main element in the primary energy mix, with consumption mainly driven by growth in non-OECD markets. However, the EIA nevertheless expects liquids share of the world marketed energy consumption to fall from 33% in 2015 to 31% in 2040.⁷

Figure 6: International Liquids consumption



Source: EIA, Annual Energy Outlook 2018, Table: International Petroleum and Other Liquids Supply, Disposition, and Prices

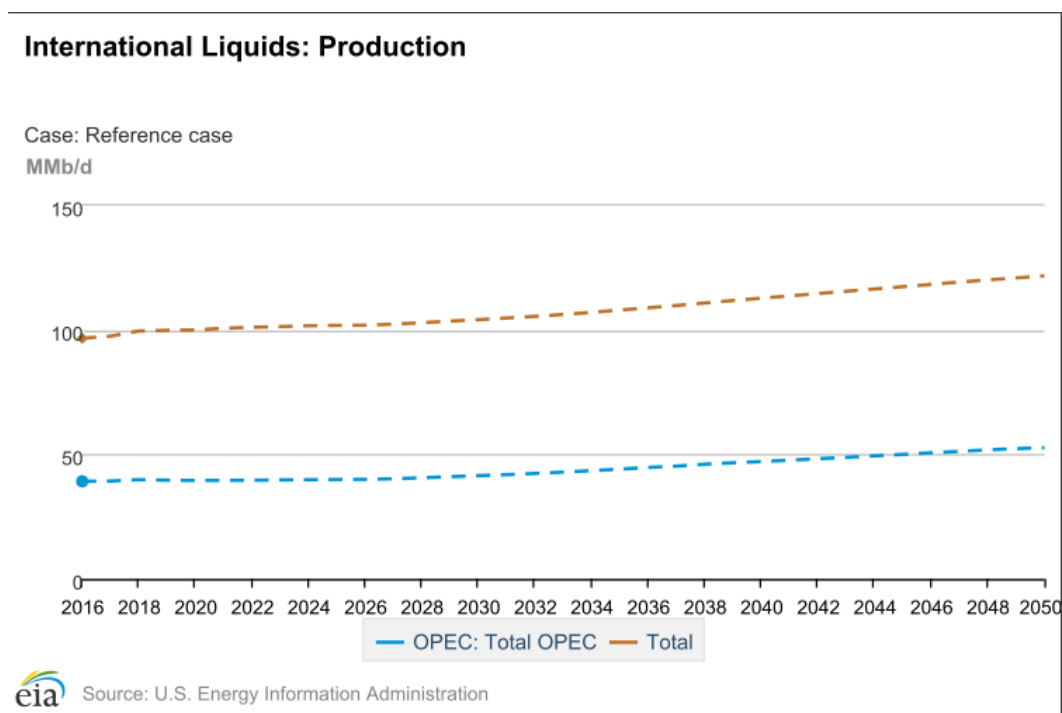
⁶ EIA, International Energy Outlook 2017

⁷ EIA, International Energy Outlook 2017

9.1.2 Liquids production

The EIA forecasts total liquids supply to reach 100.72 Mbbbl/d in 2021, an increase of 3.2% from 97.56 Mbbbl/d in 2017. Global oil supply increased 2.9 Mbbbl/d in 2015. This was the highest growth rate seen since 2003–04, and the result of a massive investment boom owing to a long period of high oil prices. In 2016 capex cuts were starting to work, and non-OPEC oil production dropped by 0.8 Mbbbl/d. OPEC, on the other hand, increased its oil production by 1.2 Mbbbl/d, mainly driven by Iran after sanctions were lifted. In November 2016, OPEC agreed to cut its total oil production to 32.5 Mbbbl/d from 1 January 2017 representing a reduction of 1.2 Mbbbl/d from previous levels. Russia and other non-members agreed to cut an additional 0.6 Mbbbl/d. According to data from the EIA, total global liquids production in 2017 was 97.56 Mbbbl/d, with a forecasted total production in 2018 of 99.59 Mbbbl/d.⁸

Figure 7: International liquids: Production Forecast



Source: EIA, Annual Energy Outlook 2018, Table: International Petroleum and Other Liquids Supply, Disposition, and Prices

9.1.3 Oil price

According to data from the EIA, the monthly average Brent spot price (FOB) in the period from and including January 2017 to and including January 2018 was USD 55.39 per barrel.⁹ This is significantly lower than the average price of Brent crude oil between 2011 and 2014, which averaged USD 106.61 per barrel.¹⁰ From 30 September

⁸ EIA Annual Energy Outlook 2018

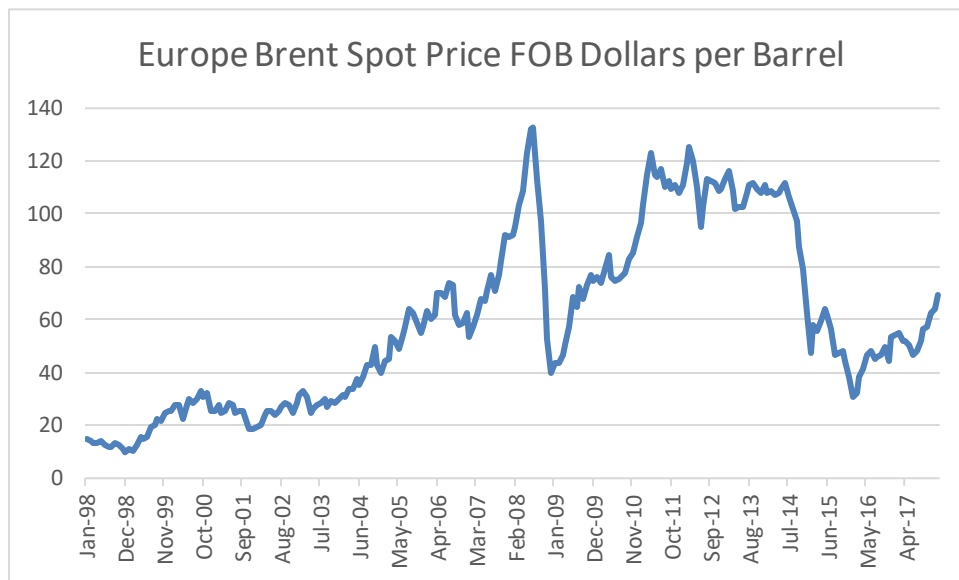
⁹ Source: EIA webpage, https://www.eia.gov/dnav/pet/pet_pri_spt_s1_d.htm, data provided by Thomson Reuters.

¹⁰ Note: Source: FactSet as of 7 April 2017 (FactSet is a multinational provider of financial data, including shares, commodities and other securities)

2014 to 30 September 2015, the Brent crude oil price fell from USD 94.67 per barrel to USD 48.37 per barrel, a drop of 48.9%.¹¹ According to Carnegie Research, the drop in Brent crude oil price was largely explained by increased oil supply from OPEC, as well as supply from US shale production.

The Company holds no view as to the development of the oil price.

Figure 8: Development in Brent crude oil price



Source: EIA, https://www.eia.gov/dnav/pet/pet_pri_spt_s1_d.htm, data from Thomson Reuters

9.2 Geophysical survey methods

Exploration and development activity decisions are based on data gathered about potential hydrocarbon reservoirs. Current geophysical measurement methods include gravimetric, magnetic MT, seismic, and CSEM surveying. The principal geophysical tool currently used by oil and gas companies in offshore exploration is seismic surveying, which uses acoustic energy to image geological structures below the seabed and can map sub-surface structural formations based on which inferences about the presence of hydrocarbons are drawn. However, the probability of determining the presence or absence of hydrocarbons offshore has been found to be improved by combining different data sources, including data generated from CSEM surveying.¹²

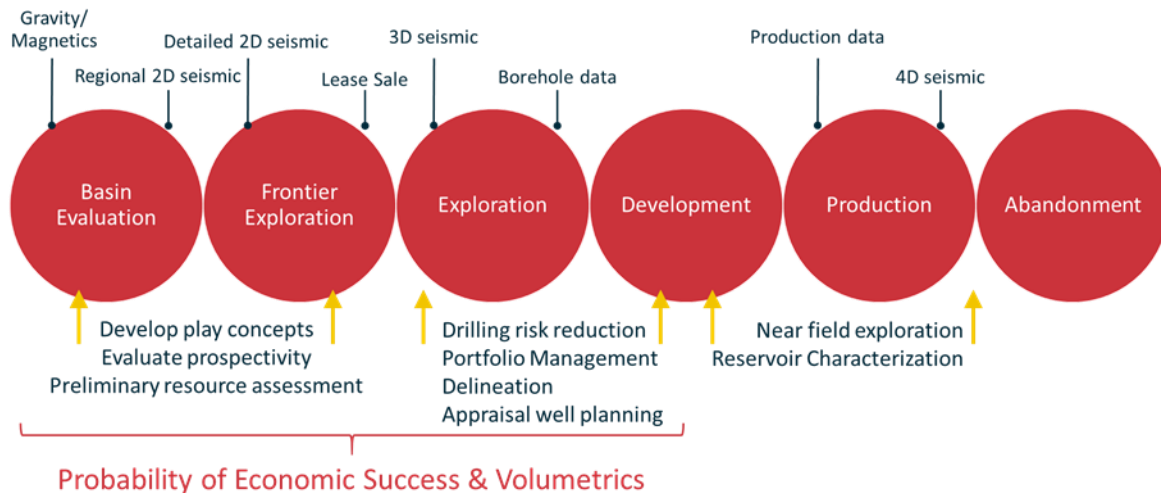
¹² Source: Alcocer, J. A. E., García, M. V., Soto, H. S., Baltar, D., Paramo, V. R., Gabrielsen, P. T., Roth, F. (2013). Reducing uncertainty by integrating 3D CSEM in the Mexican deep-water exploration workflow. First break, v31(4), p.p 75-79, Løseth, L.O., Wiik, T., Olsen, P.A, Hansen, J.O. (2014). Detecting Skrugard by CSEM – Prewell prediction and postwell evaluation. Interpretation (8). p.p SH67-SH78 and Granli, J.R., Veire, H.H,

9.3 CSEM method

As a central part of their exploration and development programs, oil and gas companies have started to require electromagnetic resistivity testing to improve the probability related to the presence or absence of hydrocarbons prior to drilling. Historically, such testing could only be conducted with down-hole equipment after drilling had commenced. CSEM permits remote resistivity testing, prior to and independent of drilling.

Oil and gas companies have accepted CSEM methods and adoption has accelerated over the last couple of years. However, CSEM is and remains a highly specialized and limited part of the oil service market. Prior to the reduction in oil price, out of the total annual marine geophysical expenditure of USD 10 billion, ¹³ **EMGS'** management estimates that the oil and gas industry has historically spent approximately 2%, or USD 200 million, on acquiring CSEM surveys. **EMGS'** management expects that increased adoption among oil and gas companies will set the foundation for increased market growth going forward, as the market improves, and will pave the way for CSEM to increase its share of total geophysical spending. According to Management, the National Oil Companies ("NOCs") have shown interest in CSEM technology, primarily driven by their willingness to invest through cycles, and their disposition towards applying new technology. However, no guarantee can be given as to whether these expectations will materialize or, if they do, the rate at which CSEM will increase its share of total E&P spending.

Figure 9: CSEM in the E&P workflow



Source: **EMGS**

Gabrelsen, P.T., Morten, J.P. (2017). Maturing broadband 3D CSEM for improved reservoir property prediction in the Realgrunnen Group at Wisting, Barents Sea. SEG annual meeting Houston

¹³ Source: The Welling Report (2014) – Worldwide Survey of the Market for Seismic Acquisition Services (Not publicly available information)

CSEM is used prior to drilling to identify areas of promising hydrocarbon prospects, to rank identified prospects and in field appraisal and development of the reservoirs that have already been drilled. Because of the importance of resistivity testing, the wide applicability of CSEM and the continuing expense of offshore drilling, **EMGS** expects CSEM to gradually become an integral part of oil and gas companies' exploration processes as CSEM data is integrated with conventional geophysical data to provide such companies with a detailed and precise understanding of offshore deepwater prospects.

10. BOARD OF DIRECTORS, MANAGEMENT AND EMPLOYEES

This discussion includes Forward-looking statements; see Section 4 "Cautionary note regarding forward-looking statements". This section should be read in conjunction with the other parts of this prospectus, in particular Section 2 "Risk factors".

10.1 Overview

The Board of Directors has the ultimate responsibility for the management of the Company and for supervising its day-to-day management and activities in general. This includes developing the Company's strategy and monitoring its implementation. In addition, the Board of Directors exercises supervision responsibilities to ensure that the Company manages its business through the appointment of the Chief Executive Officer (the "**CEO**"). The Board of Directors has annual plans for its work.

In accordance with the provisions of Norwegian company law, the terms of reference for the Board of Directors are set out in a formal mandate that includes specific rules and guidelines as they relate to the work of the Board of Directors and decision making. The Chairman of the Board of Directors is responsible for ensuring that the work of the Board of Directors is carried out in an effective and proper manner in accordance with the relevant legislation.

EMGS' management is responsible for the day-to-day management of **EMGS'** operations in accordance with the instructions set out by the Board of Directors. Among other things, a CEO of a Norwegian public company is obligated to ensure that the company's accounts are kept in accordance with existing Norwegian legislation and regulations, and that the assets of the company are managed responsibly. In addition, a CEO of a Norwegian public company must brief the board of directors about the company's activities, position and operating results at least once a month.

10.2 Board of Directors

EMGS' Board of Directors consist of seven members (including the Chairman), where of five have been elected by the shareholders and two by the employees. In addition, the Company has four deputy employee representatives, two for each of the employee elected Board Members. All Board Members have been elected for a period of two years.

The composition of the Board of Directors is in accordance with the gender requirements set out in the Norwegian Public Limited Companies Act and the recommendations of the Norwegian Code of Practice for Corporate Governance dated 30 October 2014 (the "**Code**").

EMGS has entered into an agreement with its employees, whereby **EMGS** shall not have a corporate assembly and the employees shall have the right to appoint two employee representatives to the Board of Directors.

10.2.1 Board Members

The table below sets forth, as of the date of the Prospectus, the members of **EMGS'** Board of Directors, their business address, their positions, the date of their election and the expiry of their term.

Name	Business address	Position	Served since	Term expires
<i>Eystein Eriksrud</i>	<i>Siem Kapital AS, Jerpefaret 12, 0788 Oslo, Norway</i>	<i>Chairman</i>	<i>23 Dec. 2014</i>	<i>9 Jun. 2019</i>
<i>Anne Øian</i>	<i>Gabels gate 14, 0272 Oslo, Norway</i>	<i>Board member</i>	<i>9 Jun. 2015</i>	<i>9 Jun. 2019</i>
<i>Johan Kr. Mikkelsen</i>	<i>Perestroika AS, Statsminister Michelsens veg 38, 5230 Paradis, Norway</i>	<i>Board member</i>	<i>23 Dec. 2014</i>	<i>9 Jun. 2018</i>
<i>Mimi K. Berdal</i>	<i>Advokat Mimi K. Berdal m.n.a, Jarlsborgveien 3F, 0379 Oslo, Norway</i>	<i>Board member</i>	<i>23 Dec. 2014</i>	<i>9 Jun. 2018</i>
<i>Petteri Soininen</i>	<i>RWC, 60 Petty France, London SW1H 9EU, UK</i>	<i>Board member</i>	<i>23 Dec. 2014</i>	<i>9 Jun. 2018</i>
<i>Adam Robinson</i>	<i>Stiklestadveien 1, 7041 Trondheim, Norway</i>	<i>Board member, employee representative</i>	<i>9 Jun. 2015</i>	<i>9 Jun. 2019</i>
<i>Marte Karlsen</i>	<i>Stiklestadveien 1, 7041 Trondheim, Norway</i>	<i>Board member, employee representative</i>	<i>10 May 2017</i>	<i>9 Jun. 2019</i>
<i>Magne A. Drage</i>	<i>Stiklestadveien 1, 7041 Trondheim, Norway</i>	<i>Deputy board member, employee representative</i>	<i>8 Dec. 2017</i>	<i>9 Jun. 2019</i>
<i>Ragnhild Gaupen Gåsø</i>	<i>Stiklestadveien 1, 7041 Trondheim, Norway</i>	<i>Deputy board member, employee representative</i>	<i>8 Dec. 2017</i>	<i>9 Jun. 2019</i>
<i>Joseph Fletcher</i>	<i>Stiklestadveien 1, 7041 Trondheim, Norway</i>	<i>Deputy board member, employee representative</i>	<i>8 Dec. 2017</i>	<i>9 Jun. 2019</i>
<i>Ellen Trolid</i>	<i>Stiklestadveien 1, 7041 Trondheim, Norway</i>	<i>Deputy board member, employee representative</i>	<i>8 Dec. 2017</i>	<i>9 Jun. 2019</i>

10.2.2 Brief biographies of the current Board Members

The following provides a brief summary of the qualifications of and positions previously and currently held by the members of the Board of Directors as of the date of this Prospectus.

Eystein Eriksrud, Chairman of the Board of Directors

Eystein Eriksrud is the Deputy CEO of the Siem Industries Group. He is chairman of Siem Offshore Inc., Flensburger Schiffbaugesellschaft mbH and a director of Subsea 7 S.A. and certain subsidiaries in the Siem Industries Group. Prior to joining Siem Industries in October 2011, Eystein Eriksrud was partner of the Norwegian law firm Wiersholm Mellbye & Bech, working as a business lawyer from 2005 with an internationally oriented practice in mergers and acquisitions, company law and securities law, particularly in the shipping, offshore and oil service sectors. He was Group Company Secretary of the Kvaerner Group from 2000-2002 and served as Group General Counsel of the Siem Industries Group from 2002-2005. He is a Norwegian citizen.

Current directorships and senior management positions

Siem Offshore (Chairman), Flensburger Schiffbaugesellschaft mbH (Chairman), EMGS ASA (Chairman), Subsea 7 S.A (Director), Siem Kapital AS (Director), Siem Capital UK Ltd (Director), Siem Europe S.a.r.l. (Director), VSK Finance Ltd (Director), VSK Holdings Ltd (Director), Ember VRM S.a.r.l. (Director), Laburnum AS (Chairman), Epistates Ltd (Director), SCC Shipowning II DA (Director), SCC Shipowning I AS (Chairman), Star Reefers AS (Director), Auto Marine Transport Inc. (Director), Siem Oil Service Invest Holding Ltd (Director), Siem Oil Service Invest

Previous directorships and senior management positions last five years

Ltd. (Director), Siem Oil Service Invest AS (Director), Seven Yield AS (Chairman), Seven Yield 7500 PCTC 1 AS (Director), Seven Yield 7500 PCTC 2 AS (Director), Veripos Inc (Chairman), Siem Wis AS (Director)

Anne Øian, Board Member

Anne Øian has extensive management experience, mainly from the banking industry, where she has worked with clients from the shipping and offshore industries, as well as experience from directorships in large international companies. She has held various positions in DNB from 1975 to 2015, including Global Head of Shipping. Anne Øian has served on the Board of Statoil, GIEK and the Norwegian School of Management (BI), as well as a number of other boards. She is a Norwegian citizen.

Anne Øian holds a Master's degree from the Norwegian School of Management.

Current directorships and senior management positions

EMGS ASA (Director), Seven Yield AS (Director)

Previous directorships and senior management positions last five years

Sinoceanic ASA (Director), Bravida Capital Hong Kong (Director), BI (Director)

Johan Kr. Mikkelsen, Board Member

Johan Kr. Mikkelsen is the Chief Technology Officer of Perestroika AS. Johan has 40 years' experience at Norsk Hydro and Statoil. He entered the oil and gas industry at the Mongstad refinery in 1974 as process engineer and a couple of years later as Production Manager at the refinery. In 1983, he moved on as Production Director for the Oseberg field and in 1992 as SVP for Norsk Hydro drilling. In 2000, he continued as SVP for the Oseberg asset and in 2003 as SVP for the Troll asset. In 2005, he became Country manager for Norsk Hydro Canada before he moved on as Peregrino Project Director and later Production Director for the Peregrino field in Brazil. In 2012, he returned to Norway as VP for the Statoil Subsea Improvement Project until early 2014 when he retired from Statoil. He is a Norwegian citizen.

Johan Kr. Mikkelsen holds a Master degree from NTH from 1973 in Industrial Chemistry and a Master degree in Chemical Engineering from University of Wisconsin, USA in 1979.

Current directorships and senior management positions

VTC (Director), EMGS ASA (Director), Perestroika AS (CTO), Dale Oen Active AS – a part of the foundation Dale Oen Experience (Director)

Previous directorships and senior management positions last five years

VP Statoil SIP, Statoil Peregrino Project and Production Director, Songa Offshore (Director)

Mimi K. Berdal, Board Member

Mimi K. Berdal currently runs an independent legal and corporate counseling business. She is also Chairman of the Board of Gassco AS and a member of the Board of Directors of the listed companies InterOil E&P ASA, Itera ASA and Vistin Pharma ASA. She is a Norwegian citizen.

Mimi K. Berdal holds a Cand. Jur. (law) degree from the University of Oslo and is admitted to the Norwegian Bar Association.

Current directorships and senior management positions

Gassco AS (Chairman), Itera ASA (Director), InterOil E&P ASA (Director), Vistin Pharma ASA (Director) and EMGS ASA (Director)

Previous directorships and senior management positions last five years REC/REC Solar ASA (Chairman), Intex Resources ASA (Director), Infratek ASA (Chairman), Camposol Holding PLC (Director), Copeinca ASA (Director), Q-Free ASA (Director), Rocksource ASA (Chairman), Gjensidige Pensjon og Sparing AS (Director) Helsetelefonen AS (Chairman), Stabæk Fotball (Director)

Petteri Soininen, Board Member

Petteri Soininen is a member of RWC Asset Management LLP and a portfolio manager of RWC European Focus Master Inc. He oversees and manages all engagement activities with companies in the fund's portfolio. Since December 2014 he has been a member of the Board of Directors of Electromagnetic Geoservices ASA, in which RWC European Focus Master Inc. is a shareholder. From May 2015 to May 2017 he also served on the Supervisory Board of AMG Advanced Metallurgical Group N.V., a Dutch company in which RWC European Focus Master Inc is a shareholder. He has also worked as strategy consultant with The Boston Consulting Group (BCG) in Europe and the US. He has over 20 years of experience in collaborating with senior management and corporate boards to design and implement change programmes including major transformations to deliver sustainable shareholder value. He is a Finnish citizen.

Petteri Soininen holds a MSc (with distinction) in Industrial Engineering from the Helsinki University of Technology, Finland.

Current directorships and senior management positions EMGS ASA (Director), RWC Asset Management LLP, UK, CF4 (Partner)
Previous directorships and senior management positions last five years CF1 (Director), RWC Focus Asset Management Limited, UK CF1 (Director), AMG Advanced Metallurgical Group N.V. (Member of Supervisory Board)

Adam Robinson, Board Member

Adam Robinson received an MSc in Physics from NTNU in Norway after completing his BSc at Lancaster University in England. He worked six years offshore for **EMGS** as a Field Geophysicist, Instrument Engineer and Offshore Manager. For the last six years, he has been the Operations Manager for the EMEA region. Adam has been an **EMGS** employee since 2005. He is a British citizen.

Current directorships and senior management positions EMGS ASA (Board Member, Operations Manager)
Previous directorships and senior management positions last five years n.a

Marte Karlsen, Board Member

Marte Karlsen has experience from working in an international environment and with international trade, and she has lived in Germany for several years. For the last 8 years, she has been Crewing Manager in EMGS and part of the acquisition management group. Marte has been an EMGS employee since 2010 and is a Norwegian citizen.

Marte Karlsen graduated from NTNU in 1999 and received a Cand.Mag. in English and Political Science.

Current directorships and senior management positions EMGS ASA (Board Member, Crewing manager)

Previous directorships and senior management positions last five years n.a.

Magne A. Drage, Deputy Board Member

Magne A. Drage has worked for the Norwegian Defence Estates Agency, before he joined EMGS in May 2006. Magne Drage has had various positions in the company (Field Geophysicists, Senior Engineer, Mgr. GSO, Mgr. Geosolutions, Technical (sales) Advisor in EMGS Asia Pacific, Operations Mgr. EMEA, Lead Support Geophysicist in the GeoX group) and he has been working as Global Technical Advisor since August 2017.

Magne A. Drage holds a PhD in Geophysics from University of Bergen / University Centre in Svalbard.

Current directorships and senior management positions EMGS ASA (Deputy Board Member)

Previous directorships and senior management positions last five years n.a.

Ragnhild Gaupen Gåsø, Deputy Board Member

Ragnhild Gaupen Gåsø has been employed by EMGS since May 2006. She has worked one year in Germany in-between studies. After finishing studies, she worked 3 years as Finance Consultant for Kraft General Foods/Mondelez mainly with Controlling/Cash Management and for the pharmaceutical company GlaxoSmithKline as Logistics Manager for 8 years. She has had various positions in EMGS and worked as Accountant and Vessel Reporting Advisor for the last 2 years. She has been the Safety representative since 2015.

Ragnhild Gaupen Gåsø holds a Bachelor of International Business from Oslo Business School/Cand. Mag. Business Administration/Finance and German.

Current directorships and senior management positions EMGS ASA (Deputy Board Member)

Previous directorships and senior management positions last five years n.a.

Joseph Fletcher, Deputy Board Member

Joseph Fletcher started in EMGS in 2003 and he has been working offshore in several positions in the company (Instrument engineer and Offshore Manager). He currently holds the position as Technical Supervisor.

Joseph Fletcher holds a Master which he completed in 2003

Current directorships and senior management positions

EMGS ASA (Deputy Board Member)

Previous directorships and senior management positions last five years *n.a.*

Ellen Trolid, Deputy Board Member

Ellen Trolid joined EMGS in July 2017 as QHSSE Advisor and she has since February 2018 been working as QHSSE Manager. She has previously work 5 years in Det norske oljeselskap in different positions for the Ivar Aasen Development project as Senior HSE Advisor and Authority contact. She also held the position as Main safety delegate in Det norske oljeselskap and during the integration process of AkerBP. She has had several positions in Teekay Petrojarl, within the HSE disciplines as Operations Superintendent for Petrojarl Varg, Safety&Security Advisor and ISPS Safety Officer for the Teekay Petrojarl fleet.

Ellen Trolid holds a MSc in Physiology/Toxicology from NTNU.

Current directorships and senior management positions

EMGS ASA (Deputy Board Member, QHSSE Manager)

Previous directorships and senior management positions last five years *n.a.*

10.2.3 Board committees

The Board of Directors has established the following three board committees: (i) audit committee, (ii) compensation committee and (iii) strategy committee. The Board of Directors has established and stipulated instructions for these committees.

Audit committee

The audit committee (the "**Audit Committee**") is appointed by the Board of Directors. The Audit Committee's main responsibilities are to supervise **EMGS'** systems for internal control, to ensure that the auditor is independent and that the interim and annual accounts give a fair picture of the **EMGS'** financial results and financial condition in accordance with generally accepted accounting principles. The Audit Committee reviews the procedures for risk management and financial controls in the major areas of the Company's business activities.

As of the date of this Prospectus, the Audit Committee consists of the following:

- Anne Øian, Chairman
- Eystein Eriksrud

The composition of the Audit Committee complies with the requirements in section 6-42 of the Norwegian Public Limited Companies Act and section 9 of the Code. All members of the Audit Committee are independent of the Company's executive management.

Compensation committee

The compensation committee (the "**Compensation Committee**") makes proposals to the Board of Directors on the employment terms, as well as conditions and total remuneration of the CEO and other executive personnel.

As of the date of this Prospectus, the Compensation Committee consists of the following:

- Eystein Eriksrud, Chairman
- Petteri Soininen
- Johan Kr. Mikkelsen
- Mimi Berdal

All members of the Compensation Committee are independent of the Company's executive management. The Compensation Committee complies with section 9 of the Code.

Strategy Committee

The Strategy committee (the "**Strategy Committee**") shall contribute to the Company's strategy development.

As of the date of this Prospectus, the Strategy Committee consists of the following:

- Petteri Soininen, Chairman
- Eystein Eriksrud
- Johan Kr. Mikkelsen

10.2.4 Board remuneration and benefits

The compensation for the members of the Board of Directors is set by the Annual General Meeting of the Company. For the financial year 2017, the total remuneration was NOK 0.8 million and was approved by the Annual General Meeting for 2017 held on 25 April 2017 (the "**AGM**"). The table below sets out the remuneration and benefits of each of the Board Members for the financial year 2017. For further information, please see note 6 of the Company's 2017 annual accounts that is by reference incorporated hereto, see Section 17.2 "Documents incorporated by reference".

Amounts in USD 1.000

Name	Remuneration	Bonus	Pension	Stock options	Total	Term expired
<i>Eystein Eriksrud</i>	0	0	0	0	0	<i>n.a</i>
<i>Anne Øian</i>	50	0	0	0	50	<i>n.a</i>
<i>Johan Kr. Mikkelsen</i>	0	0	0	0	0	<i>n.a</i>
<i>Mimi K. Berdal</i>	46	0	0	0	46	<i>n.a</i>
<i>Petteri Soininen</i>	0	0	0	0	0	<i>n.a</i>
Total	96	0	0	0	96	

The remuneration and benefits have been converted from NOK to USD using the 2017 average NOK/USD exchange rate of 8.2630

Three of the elected Board Members (Eystein Eriksrud, Johan Mikkelsen and Petteri Soininen) decided to waive their fee for 2017. The employees' representatives did not receive director's fees in 2017.

The Board Members are not entitled to any benefits upon termination of their term.

The Annual General Meeting of **EMGS** for 2017, which was held on 25 April 2017, approved the following payment of remuneration to the Board of Directors for 2017 and until the Annual General Meeting for 2018:

- Shareholder elected directors, including the Chairman of the Board of Directors: USD 8,750 per quarter.
- Additional compensation to shareholder elected directors who are members of the Audit Committee: USD 3,500 per quarter for the Chairman of the Audit Committee and USD 2,500 per quarter to the other members of the Audit Committee.

10.2.5 Loan and guarantees to the members of the Board of Directors

EMGS has no outstanding loans or guarantees to any member of the Board of Directors as of the date of this Prospectus.

10.3 Executive Management

As per the date of this Prospectus, **EMGS'** Executive Management team consists of four (4) members; being the Chief Executive Officer, the Chief Financial Officer, the Global Exploration Advisor and the Chief Legal Counsel.

10.3.1 Members of the Executive Management

The table below sets forth, as of the date of this Prospectus, the members of **EMGS'** executive management (the "**Executive Management**"), their position and their business address.

Name	Business address	Position
<i>Christiaan Vermeijden</i>	<i>Karenlyst Allé 4, 4th floor, 0278 Oslo, Norway</i>	<i>Chief Executive Officer</i>
<i>Hege Veiseth</i>	<i>Stiklestadveien 1, 7041 Trondheim, Norway</i>	<i>Chief Financial Officer</i>
<i>Dag Helland-Hansen</i>	<i>Karenlyst Allé 4, 4th floor, 0278 Oslo, Norway</i>	<i>Global Exploration Advisor</i>
<i>Øyvind Greker Bjørndal</i>	<i>Karenlyst Allé 4, 4th floor, 0278 Oslo, Norway</i>	<i>Chief Legal Counsel</i>

10.3.2 Brief biographies of the Executive Management

The following provides a brief summary of the qualifications of and positions previously and currently held by the members of the Executive Management of **EMGS** as of the date of this Prospectus.

Christiaan Vermeijden, Chief Executive Officer

Christiaan Vermeijden joined **EMGS** in the position as CEO in February 2016 from the position as Global Offshore Geotechnical Director of Fugro N.V., where he was part of the Executive Management. Christiaan worked for Fugro from 2000 to 2016 in several challenging management positions around the world and brought with him extensive international experience and knowledge of the oil and gas service industry. He holds a Master of Science (MSc) in Physical Geography from the University of Amsterdam, the Netherlands, and a Master of Business Administration (MBA) from the Rotterdam School of Management, the Netherlands.

The current and previous directorships of Christiaan Vermeijden are summarised in the table below:

<i>Current directorships and senior management positions</i>	<i>EMGS ASA (CEO)</i>
<i>Previous directorships and senior management positions last five years</i>	<i>Fugro (Global Offshore Geotechnical Director), Fugro (Regional Director Dubai), Fugro-McClelland Marine Geosciences Inc. (Managing Director), Fugro-McClelland Marine Geosciences Inc. (Vice President Commercial Director), Fugro Engineers B.V., Fugro GeoConsulting S.A., Fugro Middle East B.V., Fugro Geotech Ltd, Fugro Geotechnics AS</i>

Hege Veiseth, Chief Financial Officer

Hege Veiseth has worked in **EMGS** since 2007, and she has been the Chief Financial Officer (CFO) of **EMGS** since 1 January 2016. Prior to becoming the CFO, she was the Group Controller of the Company. Before joining **EMGS**, she worked as an auditor in Ernst and Young AS for 7 years, including as auditor for **EMGS**. Hege Veiseth has an MSc in Economics and Business Administration from the Norwegian School of Economics (NHH) and an MSc in Accounting and Auditing from the Norwegian Business School (BI).

The current and previous directorships of Hege Veiseth are summarised in the table below:

<i>Current directorships and senior management positions</i>	<i>EMGS ASA (CFO)</i>
<i>Previous directorships and senior management positions last five years:</i>	<i>EMGS ASA (Group Controller)</i>

Dag Helland-Hansen, Global Exploration Advisor

Dag Helland-Hansen joined the management of EMGS as Global Exploration Advisor in April 2018, with primary focus on supporting management and the global sales organization on strategy, adoption and sales. Dag brings with him Exploration Management and G&G experience from Norway and abroad as he has worked in various capacities for companies such as AkerBP, Tellus, Svenska, Idemitsu and Chevron. Dag holds an M.Sc. degree in Reservoir Evaluation and Management from Heriot-Watt, Edinburgh, Scotland, in the UK and an M.Sc. in Petroleum Geology and Geophysics from the Norwegian Institute of Technology.

The current and previous directorships of Dag Helland-Hansen are summarised in the table below:

<i>Current directorships and senior management positions</i>	<i>EMGS ASA (Global Exploration Advisor)</i>
<i>Previous directorships and senior management positions last five years:</i>	

Øyvind Greaker Bjørndal, Chief Legal Counsel

Øyvind Greaker Bjørndal has been the Chief Legal Counsel of EMGS since September 2017. Before joining EMGS, Bjørndal worked as a lawyer at the law firms Michelet & Co and BA-HR. His previous work experience also includes serving as a deputy judge at Kongsberg District Court. Bjørndal has extensive legal sector experience from the E&P industry, including contract & corporate law, compliance, dispute resolution and equity and debt

transactions. He holds a Master of Law from the University of Oslo, Norway. Bjørndal also serves as the Compliance Officer of EMGS.

The current and previous directorships of Øyvind Greaker Bjørndal are summarised in the table below:

Current directorships and senior management positions EMGS ASA (Chief Legal Counsel)

Previous directorships and senior management positions last five years:

10.3.3 Remuneration and benefits of Executive Management

The remuneration of **EMGS'** executive management is reported in **EMGS'** annual reports.

The salaries and other benefits paid to those who were members of **EMGS'** Executive Management for the financial year ended 31 December 2017 are shown in the table below.

Amounts in USD 1.000

Name	Fixed salary	Bonus	Other benefits	Pension	Share options	Total	Term expired
Christiaan Vermeijden	394	0	2	11	85	491	n.a
Hege Veiseth	210	0	2	11	2	224	n.a
David Naser	138	363	121	3	-50	574	Feb. 2017
Total	743	363	124	24	36	1 289	

The remuneration and benefits have been converted from NOK to USD using the 2017 average NOK/USD exchange rate of 8.2630

Since, 31 December 2017, the Executive Management team of **EMGS** has been expanded. The below table shows the salaries and other benefits paid to those being in **EMGS'** current Executive Management team for the financial year ended 31 December 2017:

Amounts in USD 1.000

Name	Fixed salary	Bonus	Other benefits	Pension	Share options	Total	Employment date
Christiaan Vermeijden	394	0	2	11	85	491	Feb. 2016
Hege Veiseth	210	0	2	11	2	224	Aug. 2007
Øyvind Greaker Bjørndal	46	0	1	2	0	49	Sep. 2017
Dag Helland-Hansen	0	0	0	0	0	0	Mar. 2018
Total	651	0	4	24	87	765	

The remuneration and benefits have been converted from NOK to USD using the 2017 average NOK/USD exchange rate of 8.2630

For the year ended 31 December 2017, **EMGS'** total compensation for the current Executive Management was USD 0.8 million. The employment agreements with the Executive Management does not have fixed terms. Upon termination by the Company, the CEO is entitled to a severance payment up to 12 months. Pursuant to the employment agreements, the other members of the Executive Management are not entitled to severance pay or other benefits upon termination of their employment. The employment agreements contain non-compete

clauses which, upon termination of an employment contract, prevent the employee from working for any entity in direct or in indirect competition with **EMGS** for a certain period.

All members of the Executive Management, including the CEO, have fixed salaries. In addition, the Executive Management participates in a bonus program linked to **EMGS'** annual performance. The objective of the program is to compensate employees based on the achievement of **EMGS'** objectives as well as personal performance. The objectives of **EMGS** are established by the Board of Directors. The Executive Management has a bonus potential up to 50% of base salary and the rates are specified in the individual employment agreements.

10.3.4 Loans and guarantees for members of the Executive Management

EMGS has no outstanding loans or guarantees to any member of the Executive Management as of the date of this Prospectus.

10.4 Employees

As of date of this Prospectus, **EMGS** has 119 employees. As of 31 December 2016, **EMGS** had 143 employees and 239 employees as of 31 December 2015.

The following table sets forth the number of employees in **EMGS** per location as of 31 December 2017.

<i>Location</i>	<i>Number of employees</i>
<i>Trondheim, Norway</i>	<i>49</i>
<i>Oslo, Norway</i>	<i>17</i>
<i>Offshore</i>	<i>36</i>
<i>Houston, USA</i>	<i>6</i>
<i>Kuala Lumpur, Malaysia</i>	<i>8</i>
<i>Other</i>	<i>7</i>
Total	123

10.4.1 Employee remuneration

EMGS has developed and implemented a comprehensive remuneration program designed to attract, motivate and retain the best talents from the global workforce. The compensation is based both on a fixed salary ("**Base Salary**") and variable elements such as bonus, share options and variable special payments ("**Variable Compensation**").

The Base Salary is competitive to local market levels and is determined by the employee's skills and level of responsibility in the organisation. The Base Salary is determined by using industry benchmarks with local relevance for similar roles.

The Variable Compensation, such as bonuses, is based on the Company's performance and the employee's individual performance. Long term incentives, such as share option plan, is based on the criticality of the role of the employee to the Company, as an instrument to retain critical skills in the Company.

The performance bonus program is linked to the annual performance of the Company and the employee. The objective of the program is to compensate the employee based on whether the Company's achieving its objectives as well as personal performance. The objectives of the Company are established by the Board of Directors. The bonus program is established as a general program for all employees with a bonus potential of 10 – 50% of Base Salary.

The Company has an incentive plan based on company targets as well as individual targets. The sales targets are both regional and global, including separate stretch targets. All staff within the Sales organisation are eligible to participate in the plan, and the maximum potential (depending on performance) is either 3 or 4 months' salary, depending on the employee's position in the organisation.

10.4.2 Employee incentive schemes

EMGS has a share option program which is used to attract and retain key employees and was established with the aim to provide a long-term incentive. For new grants, the minimum exercise price is set at fair market value at the date of the grant of the option. The vesting period is four years, and the option expires seven years following the grant date. A partial exercise is possible on the grant date, one year following the grant date and the second, third and fourth anniversary after the grant of the option. A condition to hold options within the Company is continued employment.

The CEO has an agreement that differs from the regular vesting schedule in the option program.

At the Annual General Meeting held on 25 April 2017, it was resolved to authorise the Board of Directors to issue options in an amount which, together with the outstanding option does not exceed 7.5% of the registered number of shares in the Company in the aggregate.

The Board of Directors of **EMGS** is currently in the process of assessing the initiation of a new share option program directed towards the Company's employees.

As of the date of this Prospectus, 344,874 options and 75,000 options with financial settlement (synthetic options) are issued and outstanding with a weighted average exercise price of USD 16.51.

10.4.3 Pension scheme

EMGS has defined contribution pension plans, and the plan applicable for the employees in Norway and the employees that are members of the Norwegian national insurance scheme (*Nw: Norsk Folketrygd*) involves a contribution level of 5% of Base Salary from 0 G up to 7.1 G and 15% of Base Salary from 7.1 G to 12 G. One (1) G is a base amount (*Nw: Folketrygdens grunnbeløp*) that equals to NOK 93,634 as of 31 December 2017.

Employees not eligible for coverage under the defined contribution plan applicable for employees in Norway are eligible to participate in the Company's other pension schemes or to receive a pension compensation. All the schemes are considered defined contribution plans.

A more detailed description of the Company's pension scheme can be found in note 22 in the Annual Report of 2017, incorporated by reference to this Prospectus, see Section 17.2 "Documents incorporated by reference".

10.4.4 Other employment agreements

The Company has implemented a comprehensive employee health protection plan comprising a long-term disability scheme to assist employees suffering illness or accidents that prevent the employee from working. In addition, the Company has implemented a life assurance scheme designed to provide a lump-sum compensation in the event of employee death. All these schemes are fully paid for by the Company.

10.5 Board Practices and Corporate Governance Compliance

10.5.1 Board Practices

The Board of Directors has the ultimate responsibility for the management of **EMGS** and for supervising the Company's day-to-day management and activities in general. This includes developing the Company's strategy and monitoring its implementation. In addition, the Board of Directors exercises supervision responsibilities to ensure that the Company manages its business and assets and carries out risk management in a prudent and satisfactory manner. The Board of Directors is responsible for the appointment of the CEO.

In accordance with the provisions of Norwegian company law, the terms of reference for the Board of Directors are set out in a formal mandate that includes specific rules and guidelines on the work of the Board of Directors and decision making. The Chairman of the Board of Directors is responsible for ensuring that the work of the Board of Directors is carried out in an effective and proper manner in accordance with legislation.

The Board of Directors issues a mandate for the work of the CEO. There is a clear division of responsibilities between the Board of the Directors and the CEO. The CEO is responsible for the operational management of the Company.

The Board of Directors receives periodic reports on **EMGS'** commercial and financial status. The Company follows the timetable laid down by the Oslo Stock Exchange for the publication of interim and annual reports.

10.5.2 Nomination Committee

EMGS has established a nomination committee (the "**Nomination Committee**"). The Nomination Committee is elected by the Company's Annual General Meeting. According to article 11 of the Company's Articles of Association, the Nomination Committee shall consist of 2 to 3 members who shall be elected for a period of 2 years, unless the Annual General Meeting decides a shorter period.

As of the date of this Prospectus, the Nomination Committee consists of 2 members:

- Kristian Siem, Chairman
- Frederik W. Mohn

The members of the Nomination Committee represent **EMGS'** two largest shareholders, Siem Investments Inc. and Perestroika AS respectively.

The Nomination Committee proposes candidates for election to the Board of Directors and the Nomination Committee and suggests changes to the mandate or guidelines for the Nomination Committee.

Nomination Committee is in contact with **EMGS'** shareholders, the Board of Directors and **EMGS'** Executive Management when searching for candidates for election to the Board.

The Nomination Committee members do not receive compensation according to the 2017 Annual General Meeting.

10.5.3 Corporate Governance compliance

EMGS is committed to healthy corporate governance practices that will strengthen confidence in the Company and thereby contribute to optimal value creation over time. The objective of corporate governance is to regulate the division of roles between shareholders, the Board of Directors and the Executive Management more comprehensively than is required by legislation.

EMGS' principles for corporate governance are based on the following elements:

- **EMGS** will provide open, reliable and relevant communication to its shareholders, governmental bodies and the public about the Company's activities and its corporate governance;
- **EMGS'** Board of Directors will be autonomous and independent of the Company's executive management;
- **EMGS'** Board of Directors has a majority of members who are independent of shareholders;
- **EMGS** pays particular attention to ensure that there are no conflicts of interest between the interests of its shareholders, the members of the Board of Directors and the Executive Management;
- **EMGS** will ensure a clear division of responsibility between the Board of Directors and the Executive Management
- **EMGS** will treat all shareholders equally.

The Board of Directors of **EMGS** has the ultimate responsibility for ensuring that **EMGS** practices good corporate governance. The Company, through its Board of Directors and Executive Management, carries out a thorough review and evaluation of its principles for corporate governance on an annual basis.

EMGS is a Norwegian public limited liability Company listed on the Oslo Stock Exchange (Oslo Børs). The Norwegian Accounting Act includes provisions on corporate governance at Section 3-3b which impose a duty on the Company to issue an annual report on its principles and practice for corporate governance. These provisions also stipulate minimum requirements for the content of this report.

The Norwegian Corporate Governance Board (NCGB) has issued the Code. Adherence to the Code is based on the "comply or explain" principle, which means that a Company must comply with the recommendations of the Code or explain why it has chosen an alternative approach to specific recommendations. The Code imposes more comprehensive requirements than the Accounting Act.

The Oslo Stock Exchange requires listed companies to publish an annual statement of their practice related to their policy on corporate governance. The report shall "comply or explain" compared to the Code in force at the time. The rules on the Continuing Obligations of listed companies are available at www.oslobors.no.

As of the date of this Prospectus, **EMGS** complies with the Code. The Company provides a report on its principles for corporate governance in its annual reports and on its website, www.emgs.com. **EMGS'** objective is to comply

with all sections of the Code, but the Company may deviate from principles in the Code if required for special purposes.

For further details, please see the corporate governance section in the annual report 2017, incorporated by reference 17.2 Documents incorporated by reference into this Prospectus.

10.6 Conflicts of interest, family relationships, directorships etc.

EMGS has implemented procedures for the Board of Directors, the board committees and the Executive Management to ensure that any conflicts of interest connected to agreements entered into by the Company are reported to the Board of Directors.

There are no conflicts of interest or potential conflicts of interest between any duties to the Company, of the members of the Board of Directors or the Executive Management, and their private interests or other duties. There are no family relations between any of the members of the Board of Directors or members of the Executive Management. Further, there are no such potential conflicts of interest, except for in connection with related party transactions as described in Section 10.7 "Certain relationships and related party transactions" and the conflicts described below:

Eystein Eriksrud, Chairman of the Board of Directors and the Compensation Committee and a member of the Audit Committee and the Strategy Committee

Eystein Eriksrud is currently the deputy CEO of the Siem Industries Group, which is the largest shareholder of **EMGS** through Siem Investments Inc. with a total shareholding as of the Record Date of 21,869,450. The Siem Industries Group will receive 9,458,017 Subscription Rights in the Rights Issue, which could be converted into 9,458,017 shares if all allocated Subscription Rights are used to subscribe for shares. In addition, he holds 178,013 shares in **EMGS** through Laburnum AS. Laburnum AS will be allocated 76,986 Subscription Rights in the Rights Issue, which could be converted into 76,986 shares if all allocated Subscription Rights are used to subscribe for shares.

In addition, as described under section 5.21 and 6.16, Siem Investments Inc. has guaranteed the NOK equivalent of USD 4,000,000 of the Rights Issue and guaranteed USD 13,000,000 of the Convertible Bond Issue as Underwriter. The Underwriters, including Siem Investments Inc., will be allocated (i) the remaining New Shares not subscribed for up to the NOK equivalent of USD 10 million in the event that the Rights Issue is not fully subscribed, and (ii) any Convertible Bonds not subscribed for in the event that the Convertible Bond Issue is not fully subscribed. Thus, Eystein Eriksrud has an interest in both the Rights Issue and the Convertible Bond Issue.

Further, Siem Investment Inc. holds a position of NOK 91 million (36.99%) of the Existing Bond Issue, which will be fully paid with the net proceeds from the Convertible Bond Issue.

Eystein Eriksrud is, thus, not considered an independent Board Member.

Petteri Soininen, Chairman of the Strategy Committee, member of the Board of Directors and the Compensation Committee

Petteri Soininen is member of RWC European Asset Management LLP and a portfolio manager of RWC European Focus Master Inc. RWC European Focus Master Inc. is the third largest shareholder of **EMGS** with a total shareholding as of the Record Date of 18,074,938. RWC European Focus Master Inc. will receive 7,816,981 Subscription Rights in the Rights Issue, which could be converted into 7,816,981 shares if all allocated Subscription Rights are used to subscribe for shares.

In addition, as described under section 5.21 and 6.16, RWC European Focus Master Inc. has guaranteed the NOK equivalent of USD 2,000,000 of the Rights Issue and guaranteed USD 6,500,000 of the Convertible Bond Issue as Underwriter. The Underwriters, including RWC European Focus Master Inc., will be allocated (i) the remaining New Shares not subscribed for up to the NOK equivalent of USD 10 million in the event that the Rights Issue is not fully subscribed, and (ii) any Convertible Bonds not subscribed for in the event that the Convertible Bond Issue is not fully subscribed. Thus, Petteri Soininen has an interest in both the Rights Issue and the Convertible Bond Issue.

Petteri Soininen is, thus, not considered an independent Board Member.

Johan Kr. Mikkelsen, member of the Board of Directors, the Compensation Committee and the Strategy Committee

Johan Kr. Mikkelsen is the Chief Technology Officer of Perestroika AS, which is the second largest shareholder of **EMGS** with a total shareholding as of the Record Date of 20,560,847. Perestroika AS will receive 8,892,077 Subscription Rights in the Rights Issue, which could be converted into 8,892,077 shares if all allocated Subscription Rights are used to subscribe New Shares.

In addition, as described under section 5.21 and 6.16, Perestroika AS has guaranteed the NOK equivalent of USD 4,000,000 of the Rights Issue and guaranteed USD 13,000,000 of the Convertible Bond Issue as Underwriter. The Underwriters, including Perestroika AS, will be allocated (i) the remaining New Shares not subscribed for up to the NOK equivalent of USD 10 million in the event that the Rights Issue is not fully subscribed, and (ii) any Convertible Bonds not subscribed for in the event that the Convertible Bond Issue is not fully subscribed. Thus, Johan Kr. Mikkelsen has an interest in both the Rights Issue and the Convertible Bond Issue.

Johan Kr. Mikkelsen is, thus, not considered an independent Board Member.

Kristian Siem, Chairman of the Nomination Committee

Kristian Siem is the founder and is currently the Director and Chairman of Siem Industries Group, which is the largest shareholder of **EMGS** through Siem Investments Inc. with a total shareholding as of the Record Date of 21,869,450. The Siem Industries Group will receive 9,458,017 Subscription Rights in the Rights Issue, which could be converted into 9,458,017 shares if all allocated Subscription Rights are used to subscribe for shares.

In addition, as described under section 5.21 and 6.16, Siem Investments Inc. has guaranteed the NOK equivalent of USD 4,000,000 of the Rights Issue and guaranteed USD 13,000,000 of the Convertible Bond Issue as Underwriter. The Underwriters, including Siem Investments Inc., will be allocated (i) the remaining New Shares not subscribed for up to the NOK equivalent of USD 10 million in the event that the Rights Issue is not fully subscribed, and (ii) any Convertible Bonds not subscribed for in the event that the Convertible Bond Issue is not fully subscribed.

Kristian Siem is, thus, not considered an independent member of the Nomination Committee.

Frederik W. Mohn, member of the Nomination Committee

Frederik Mohn is the owner of Perestroika AS, which is the second largest shareholder of **EMGS** with a total shareholding as of the Record Date of 20,560,847. Perestroika AS will receive 8,892,077 Subscription Rights in the Rights Issue, which could be converted into 8,892,077 shares if all allocated Subscription Rights are used to subscribe for shares.

In addition, as described under section 5.21 and 6.16, Perestroika AS has guaranteed the NOK equivalent of USD 4,000,000 of the Rights Issue and guaranteed USD 13,000,000 of the Convertible Bond Issue as Underwriter. The

Underwriters, including Perestroika AS, will be allocated (i) the remaining New Shares not subscribed for up to the NOK equivalent of USD 10 million in the event that the Rights Issue is not fully subscribed, and (ii) any Convertible Bonds not subscribed for in the event that the Convertible Bond Issue is not fully subscribed.

Frederik W. Mohn is, thus, not considered an independent member of the Nomination Committee. There are no family relations between any of the Company's Board Members or Executive Management.

Mimi K. Berdal, member of the Board of Directors and the Compensation Committee

Mimi K. Berdal is the owner of MKB Invest AS with a total shareholding as of the Record Date of 41,819. MKB Invest AS will receive 18,085 Subscription Rights in the Rights Issue, which could be converted into 18,085 shares if all allocated Subscription Rights are used to subscribe for shares.

There are no family relations between any of the Company's Board Members or Executive Management.

10.7 Certain relationships and related party transactions

In the event of any material transaction between **EMGS** and its shareholders, a shareholder's parent Company, members of the Board of Directors, members of the Executive Management or close associates of any such parties, the Board of Directors will, as a general rule, arrange for a valuation by an independent third party. All transactions entered into between the Company and any related party has been concluded on an arm's length principle.

10.7.1 Agreements with related parties

In the Company's fully underwritten right issue completed in July 2017, Siem Investments Inc., Perestroika AS and RWC European Focus Master Inc., all major shareholders of the Company, acted as underwriters. As consideration for the underwriting, each of the shareholders received a guarantee commission of 1.5% of their guaranteed amount.

On 8 March 2018, **EMGS** entered into a USD 4.0 million short term loan agreement with Siem Investments Inc to improve the free cash position and ensure compliance with the minimum liquidity covenant under the Existing Bond Issue. Siem Investments Inc will receive interest equal to 3 months USD LIBOR plus 6.0% per annum. On 28 March 2018, the Company made a drawdown of USD 1 million under the loan. The amount was repaid in full on 16 April 2018 and there are thus currently no amounts outstanding. Siem Investments Inc is a shareholder in the Company and represented at the board of directors.

Furthermore, Siem Investments Inc., Perestroika AS and RWC European Focus Master Inc., all major shareholders of the Company, have underwritten the Share Issue and the Convertible Bond Issue, as further described under 5.3 and 6.4.

Other than as described above, there are, as of the date of this Prospectus, no agreements entered into between the Company and related parties after 31 December 2017.

10.8 Transactions with related parties

The table below sets out transactions in 2015, 2016, 2017 between **EMGS** and related parties of **EMGS** (as of the date of this Prospectus).

Purchases of goods and services:

	2017	2016	2015
<i>Figures in USD thousands</i>			
Siem Investments Inc.	85	0	0
Perestroika AS.	85	0	0
RWC European Focus Master Inc.	85	0	0
Total	255	0	0

Year end balances arising from purchases of goods and services:

	2017	2016	2015
<i>Figures in USD thousands</i>			
Siem Investments Inc.	0	0	0
Perestroika AS	0	0	0
RWC European Focus Master Inc.	0	0	0
Total	0	0	0

10.9 Statement from the Board of Directors and Executive Management

No member of the Board of Directors or the Executive Management has during the last five years preceding the date of this Prospectus had:

- Any convictions in relation to indictable offences or convictions in relation to fraudulent offences;
- Received any official public incrimination and/or sanctions by any statutory or regulatory authorities (including designated professional bodies) or ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company; or
- Been declared bankrupt or been associated with any bankruptcy, receivership or liquidation in his/her capacity as a founder, director or senior manager of a company.

10.10 Shareholdings by the Board of Directors and Executive Management**10.10.1 Board of Directors**

As of the date of this Prospectus, four of the Board Members hold shares in the Company and five Board Members hold options in the Company. In addition to their current shareholdings, these shareholders will be allocated Subscription Rights in connection with the Rights Issue. Below is an overview of the shareholdings, options and Subscription Rights held by the Company's Board Members as of the date of this Prospectus.

Board Member	Number of shares	Number of options	Number of Subscription Rights
<i>Eystein Eriksrud</i>	178 013	0	76 986
<i>Mimi K. Berdal</i>	41 819	0	18 085
<i>Adam Robinson</i>	73	3 125	31
<i>Marte Karlsen</i>	0	1 875	0
<i>Magne A. Drage</i>	0	125	0
<i>Ragnhild Gaupen Gåsø</i>	805	125	348
<i>Joseph Fletcher</i>	0	1 375	0

Below is an overview of the options held by the Board Members as of the date of this Prospectus.

Board Member	Number of options	Right to acquire number of shares	Weighted average exercise price B	Weighted average remaining contractual life
<i>Adam Robinson</i>	3 125	3 125	367.51	2.15
<i>Marte Karlsen</i>	1 875	1 875	451.57	1.46
<i>Magne A. Drage</i>	125	125	681.23	0.88
<i>Ragnhild Gaupen Gåsø</i>	125	125	681.23	0.88
<i>Joseph Fletcher</i>	1 375	1 375	368.05	1.67

B - average exercise price for number of options by 31 March 2018

Numbers are given in NOK

All of the options included in the table above have been granted as part of the Company's ordinary employee option incentive scheme, and no consideration has been paid.

10.10.2 Executive Management

As of the date of this Prospectus, one member of the Executive Management holds shares in the Company and two of the members of the Executive Management hold options in the Company (whereof one member holds both options with a right to take delivery of shares and options with financial settlement (synthetic options)). In addition to their current shareholdings, these shareholders will be allocated Subscription Rights in connection with the Rights Issue. Below is an overview of the shareholdings, options and Subscription Rights held by the Company's Executive Management.

Executive Manager	Number of shares	Number of options	Number of Synthetic Options	Number of Subscription Rights
<i>Christiaan Vermeijden</i>	0	250 000	75 000	0
<i>Hege Veiseth</i>	1 642	1 875	0	710

Below is an overview of the options held by the Executive Management as of the date of this Prospectus.

Board Member	Number of options and synthetic options	Right to acquire number of shares	Weighted average exercise price B	Weighted average remaining contractual life
<i>Christiaan Vermeijden</i>	325 000	325 000	8.82	3.66
<i>Hege Veiseth</i>	1 875	1 875	400.74	2.27

B - average exercise price for number of options by 31 March 2018

Numbers are given in NOK

All of the options included in the table above have been granted as part of the Company's ordinary employee option incentive scheme, and no consideration has been paid.

11. HISTORICAL FINANCIAL INFORMATION

This discussion includes Forward-looking statements; see Section 4 "Cautionary note regarding forward-looking statements". This section should be read in conjunction with the other parts of this prospectus, in particular Section 2 "Risk factors".

The following historical financial data has been extracted from; (i) the audited 2015, 2016 and 2017 consolidated financial statements of **EMGS**. The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

The selected financial information set forth below should be read in conjunction with the Company's published financial statements and its accompanying notes.

The historical financial statements are incorporated by reference to this Prospectus (see Section 17.2 "Documents incorporated by reference"):

- Annual Report 2017: <http://hugin.info/137402/R/2175140/839265.pdf>
- Annual Report 2016: <http://hugin.info/137402/R/2092037/790532.pdf>
- Annual Report 2015: <http://hugin.info/137402/R/1995561/735143.pdf>

11.1 Summary of significant accounting policies

The summary of accounting policies applied in preparation of the consolidated financial statements can be found in note 2 in the Annual Report 2017, incorporated by reference to this Prospectus, see Section 17.2 "Documents incorporated by reference".

11.2 Consolidated historical financial information

11.2.1 Consolidated Income Statement

The Company's consolidated income statements for the three years ended 31 December 2015, 2016 and 2017 are set out below.

<i>Figures in USD thousands</i>	2017 Audited	2016 Audited	2015 Audited
Operating revenues			
Contract sales	2 583	21 797	45 008
Multi-client pre-funding	13 256	579	3 546
Multi-client late sales	19 132	22 151	32 586
Other revenue	886	0	0
Total revenues	35 858	44 527	81 140
Operating expenses			
Charter hire, fuel and crew expenses	10 331	18 176	32 402
Employee expenses	17 057	25 097	44 826
Depreciation and ordinary amortisation	6 779	7 677	12 679
Multi-client amortisation	8 613	11 244	8 631
Impairment of long-term assets	3 626	17 286	31 344
Other operating expenses	6 334	10 137	20 607
Total operating expenses	52 740	89 617	150 489
Operating profit/(loss)	-16 882	-45 090	-69 349
Financial income and expenses			
Interest income	193	217	352
Interest expense	-4 088	-3 273	-4 055
Net gains/(losses) of financial assets and liabilities	2 143	-6 297	-4 106
Net foreign currency income/(loss)	-3 292	1 512	4 155
Net financial items	-5 043	-7 841	-3 654
Income/(loss) before income taxes	-21 926	-52 931	-73 003
Income tax expense	356	-100	3 712
Income/(loss) for the period	-22 282	-52 831	-76 715

11.2.2 Consolidated Statement of Other Comprehensive income

The Company's consolidated statement of other comprehensive income for the three years ended 31 December 2015, 2016 and 2017 are set out below.

<i>Figures in USD thousands</i>	2017 Audited	2016 Audited	2015 Audited
Income/(loss) for the period	-22 282	-52 831	-76 715
Other comprehensive income			
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>			
Exchange differences on translation of foreign operations	-8	115	28
Net (loss)/gain on available-for-sale (AFS) financial assets	0	7 202	-3 218
Other comprehensive income	-8	7 317	-3 190
Total other comprehensive income/(loss) for the period	-22 290	-45 514	-79 905

11.2.3 Consolidated Statement of Financial Position

The Company's consolidated statement of consolidated statement of financial position for the three years ended 31 December 2015, 2016 and 2017 are set out below.

<i>Figures in USD thousands</i>	2017 Audited	2016 Audited	2015 Audited
ASSETS			
Non-current assets			
Multi-client library	16 280	24 332	42 267
Other intangible assets	1 559	2 457	3 703
Property, plant and equipment	36 281	13 901	16 773
Assets under construction	3 112	28 255	26 566
Financial assets	0	0	1 387
Restricted cash	3 524	3 586	2 892
Total non-current assets	60 756	72 531	93 588
Current assets			
Spare parts, fuel, anchors and batteries	7 200	7 854	11 754
Trade receivables	11 075	8 534	18 580
Other receivables	5 957	7 080	5 665
Cash and cash equivalents	16 548	14 038	31 749
Restricted cash	2 997	1 255	3 788
Total current assets	43 778	38 761	71 536
Total assets	104 534	111 292	165 124
EQUITY			
Capital and reserves attributable to equity holders			
Share capital, share premium and other paid-in equity	336 764	319 283	319 039
Other reserves	-1 617	-1 608	-8 925
Retained earnings	-307 258	-284 975	-232 144
Total equity	27 889	32 700	77 970
LIABILITIES			
Non-current liabilities			
Financial liabilities	2 993	4 668	0
Provisions	20 670	19 140	17 371
Borrowings	30 288	31 636	30 848
Total non-current liabilities	53 950	55 444	48 219

	2017	2016	2015
<i>Figures in USD thousands</i>	Audited	Audited	Audited
Current liabilities			
Trade payables	6 882	6 672	10 439
Current tax liabilities	6 299	5 853	5 257
Other short term liabilities	9 223	10 372	16 243
Financial liabilities	0	0	6 326
Borrowings	290	251	670
Total current liabilities	22 694	23 148	38 935
Total liabilities	76 644	78 592	87 154
Total equity and liabilities	104 534	111 292	165 124

11.2.4 Consolidated Statement of Cash Flows

The Company's consolidated statement of consolidated statement of cash flows for the three years ended 31 December 2015, 2016 and 2017 are set out below.

<i>Figures in USD thousands</i>	2017 Audited	2016 Audited	2015 Audited
Net cash flow from operating activities			
Income/(loss) before income taxes	-21 926	-52 931	-73 003
Adjustments for:			
Withholding tax expenses	-359	1 219	987
Total taxes paid	449	-522	-1 008
Depreciation and ordinary amortisation	6 779	7 677	12 679
Multi-client amortisation and impairment	8 613	27 722	23 952
Impairment of other long term assets	3 626	808	16 023
Cost of share-based payment	55	245	104
Change in trade receivables	-2 541	10 046	46 951
Change in inventories	654	3 900	3 152
Change in trade payables	210	-3 767	-2 924
Change in other working capital	1 563	2 317	-230
Financial gain on bond repayment	-836	0	-2 088
Amortisation of interest	2 464	2 413	3 709
Net cash flow from operating activities	-1 249	-873	28 304
Investing activities			
Purchase of property, plant and equipment	-2 521	-3 398	-7 658
Investment in multi-client library and JIP test	-6 819	-11 500	-34 379
Sale of financial assets	0	1 375	0
Cash used in investing activities	-9 340	-13 523	-42 037
Financing activities			
Financial lease payments - principal	-228	141	-299
Proceeds from rights issue	17 426	0	31 536
Repayment/settlement of loan and FRA	-10 454	-1 143	-8 898
Proceeds from new loan	8 500	0	945
Payment of interest on bonds	-2 145	-2 313	-3 015
Cash provided by financial activities	13 099	-3 315	20 269
Net change in cash	2 510	-17 711	6 536
Cash balance beginning of period	14 038	31 749	25 213
Cash balance end of period	16 548	14 038	31 749
Net change in cash	2 510	-17 711	6 536

11.2.5 Consolidated Statement of Changes in Equity

The Company's consolidated statement of consolidated statement of changes in equity for the three years ended 31 December 2015, 2016 and 2017 are set out below.

<i>Figures in USD thousands</i>	Share capital, share premium and other paid in equity	Foreign currency translation reserve	Available-for-sale reserve	Retained earnings	Total earnings
Balance at 31 December 2014	287 398	-1 751	-3 984	-155 429	126 234
Income/(loss) for the period	0	0	0	-76 715	-76 715
Other comprehensive income	0	28	-3 218	0	-3 190
Total comprehensive income	0	28	-3 218	-76 715	-79 905
Proceeds from shares issued	31 536	0	0	0	31 536
Share-based payments	105	0	0	0	105
Balance at 31 December 2015	319 039	-1 723	-7 202	-232 144	77 970
Income/(loss) for the period	0	0	0	-52 831	-52 831
Other comprehensive income	0	115	7 202	0	7 317
Total comprehensive income	0	115	7 202	-52 831	-45 514
Share based payments	244	0	0	0	244
Balance at 31 December 2016	319 283	-1 608	0	-284 975	32 700
Income/(loss) for the period	0	0	0	-22 282	-22 282
Other comprehensive income	0	-8	0	0	-8
Total comprehensive income	0	-8	0	-22 282	-22 290
Proceeds from shares issued	17 426	0	0	0	17 426
Share based payments	55	0	0	0	55
Balance at 31 December 2017	336 764	-1 617	0	-307 258	27 889

11.3 Segment reporting

For management purposes, the Group is organised into one reportable segment. The Management monitors the operating result of the single reportable segment for making decisions about resource allocation and performance assessment.

The Group's property, plant and equipment are mainly the survey equipment on the vessels. As the surveys are executed worldwide, the Group is not able to allocate any assets to different geographical areas.

Geographical information on revenues from external customers:

	2017	2016	2015
<i>Figures in USD thousands</i>	Audited	Audited	Audited
Operating revenues			
Europe, Middle East and Africa	31 632	18 546	34 076
North and South America	3 705	5 421	36 096
Asia and the Pacific Ocean	520	20 560	10 967
Total revenues	35 858	44 527	81 140

11.4 Operating and financial review

The discussion below is based on the audited consolidated financial information for the Company for the years ended 31 December 2015, 2016 and 2017, as presented above and incorporated by reference to this Prospectus (see Section 17.2 "Documents incorporated by reference").

11.4.1 Development in 2015***Operating results*****Revenues and operating expenses**

In 2015, the Group recorded revenues of USD 81.1 million, down from USD 198.0 million in 2014. Contract sales ended at USD 45.0 million, while multi-client sales totalled USD 36.1 million, whereas USD 3.5 million was recorded as Pre-Funding revenues and USD 32.6 million was recorded as late sales revenues. In 2014, USD 137.2 million was recorded as contract sales, while multi-client sales came in at USD 60.8 million. This means that the sales from the multi-client projects accounted for 45% of the revenues in 2015, compared with 31% in 2014.

The decrease in revenues from 2014 to 2015 can mainly be explained by fewer and smaller contract sales, as well as lower sales from the multi-client libraries.

Charter hire, fuel and crew expenses ended at USD 32.4 million, a decrease of 47% from the USD 61.3 million reported in 2014. The decrease mainly reflects the lower operational activity, reduced fuel expenses due to both lower fuel price and lower consumption by the Atlantic Guardian. The Group's capitalisation of multi-client and JIP test costs was USD 34.4 million in 2015, compared with 30.6 million in 2014.

Employee expenses amounted to USD 44.8 million in 2015, down from the USD 55.2 million reported in 2014. The expenses for 2015 include a cost of USD 4.0 million related to the Group's restructuring plan. The number of employees decreased from 311 at the end of 2014 to 239 at the end of 2015.

For the full year 2015, other operating expenses amounted to at USD 20.6 million, compared with USD 22.5 million for the full year 2014. A more detailed overview of the Group's other operating expenses can be found in Note 9 to the annual accounts.

Depreciation, amortisation and impairment

Depreciation and ordinary amortisation totalled USD 12.7 million in 2015, down from USD 16.3 million in 2014. The decrease is due to assets becoming fully depreciated.

Multi-client amortisation amounted to USD 8.6 million in 2015, which is 31% lower than the USD 12.6 million recorded in 2014. The reason for the lower amortisation is the reduced multi-client sales in 2015 compared with 2014.

In 2015, the Group recorded impairments of long-term assets of a total of USD 31.3 million, compared with a total of USD 2.0 million in 2014. The amount includes impairment of goodwill of USD 14.4 million, impairment of equipment of USD 1.6 million and impairment of the multi-client library of USD 15.3 million.

Financial items and result for the period before and after taxes

Interest expenses ended at USD 4.1 million in 2015, down from USD 5.9 million in 2014. **EMGS** recorded a gain on net foreign currency of USD 4.2 million in 2015 compared with USD 8.1 million in 2014.

Net financial items ended at negative USD 3.7 million, down from a positive USD 3.1 million in 2014.

For 2015, **EMGS** recorded a loss before income taxes of USD 73.0 million, compared with a profit before income taxes of USD 31.2 million in 2014.

Income tax expenses of USD 3.7 million were recorded in 2015, down from USD 5.3 million in 2014. These taxes relate to results in foreign jurisdictions.

EMGS reported a net loss of USD 76.7 million for 2015, down from a profit of USD 25.9 million for 2014.

Cash flow and balance sheetCash flow from operating, investing and financing activities

For 2015, net cash flow from operating activities was USD 28.3 million, compared with USD 31.7 million in 2014. The positive cash flow from operations can mainly be explained by a positive change in trade receivables of USD 47.0 million in 2015 resulting from the record-high sales in December 2014 which caused an extraordinary high level of receivables at the beginning of 2015.

EMGS applied USD 42.0 million in investing activities in 2015. The investments consist of USD 7.7 million in property, plant and equipment and USD 34.4 million in multi-client investments. In 2014, cash applied in investing activities amounted to USD 59.5 million. This included USD 19.8 million related to property, plant and equipment (of which a large share was related to the Company's JIP project), USD 30.6 million in multi-client investments and USD 9.0 million in investments in financial assets.

Cash flow from financial activities ended at USD 20.3 million in 2015 as a result of the equity issue completed in December 2015. The equity issue resulted in proceeds of USD 31.5 million, of which USD 8.9 million was used to buy back parts of the Company's Existing Bond Issue. In 2014, cash flow from financial activities ended at a negative USD 2.3 million.

In sum, cash decreased by USD 6.5 million in 2015. As of 31 December 2015, cash and cash equivalents totalled USD 38.4 million, including USD 6.7 million in restricted cash.

Financial position

EMGS' total assets amounted to USD 165.1 million as of 31 December 2015, down from USD 235.3 million as of 31 December 2014, mainly explained by the above-mentioned impairments and decrease in trade receivables.

The carrying value of the Group's multi-client library was USD 42.3 million as of 31 December 2015, an increase of USD 8.5 million since 31 December 2014.

Total borrowings were USD 31.5 million as of 31 December 2015, down from 48.5 million as of 31 December 2014, mainly reflecting the partial payback of the bond loan, as well as currency effects from the loan.

11.4.2 Development in 2016

Operating results

Revenues and operating expenses

In 2016, the Group recorded revenues of USD 44.5 million, down from USD 81.1 million in 2015. Contract sales ended at USD 21.8 million, while multi-client sales totalled USD 22.7 million. USD 0.6 million was recorded as Pre-Funding multi-client revenues and USD 22.1 million was recorded as late sales multi-client revenues. In 2015, USD 45.0 million was recorded as contract sales, while multi-client sales totalled USD 36.1 million. Sales from multi-client projects accounted for 51% of the revenues in 2016, compared with 45% in 2015.

The decrease in revenues from 2015 to 2016 can mainly be explained by fewer and smaller contract sales, as well as lower sales from the multi-client libraries.

Charter hire, fuel and crew expenses ended at USD 18.1 million, a decrease of 44% from the USD 32.4 million reported in 2015. The main reasons for the decreased expenses are lower activity levels and the effect of the cost savings program implemented in 2016. The Group's capitalisation of multi-client costs was USD 11.5 million in 2016, compared with USD 34.4 million in 2015.

Employee expenses amounted to USD 25.1 million in 2016, down from the USD 44.8 million reported in 2015. The number of employees decreased from 239 as of 31 December 2015 to 143 as of 31 December 2016.

Other operating expenses amounted to at USD 10.1 million in 2016, compared with USD 20.6 million in 2015. A detailed overview of the Group's other operating expenses is provided in Note 9.

Depreciation and amortisation

Depreciation and ordinary amortisation totalled USD 7.7 million in 2016, down from USD 12.7 million in 2015. The decrease is due to assets becoming fully depreciated.

Multi-client amortisation amounted to USD 11.2 million in 2016, which is higher than the USD 8.6 recorded in 2015. **EMGS** changed its principles for multi-client amortisation from 1 January 2016 and onwards. The Company uses straight-line amortisation for its completed multi-client projects, assigned over the useful life time of four years. The amortisation is then distributed evenly, independently of sales during the period.

In 2016, the Group recorded impairments of long-term assets of a total of USD 17.3 million, compared with a total of USD 31.3 million in 2015. The amount includes impairment of software under development of USD 0.8 million and an impairment of the multi-client library of USD 16.5 million.

Financial items and result for the year before and after taxes

Interest expenses ended at USD 3.3 million in 2016, a decrease from USD 4.1 million in 2015. **EMGS** recorded a gain on net foreign currency of USD 1.5 million in 2016 compared with USD 4.2 million in 2015. The accumulated loss of the North Energy shares of USD 7.2 million was reclassified from comprehensive income to net financial items when the Company sold its North Energy shares in January 2016.

Net financial items ended at negative USD 7.8 million in 2016, compared to a negative USD 3.7 million in 2015.

For 2016, **EMGS** recorded a loss before income taxes of USD 52.9 million, compared with a loss before income taxes of USD 73.0 million in 2015. Income tax expenses of negative USD 0.1 million were recorded in 2016, up from USD 3.7 million in 2015. These taxes relate to results in foreign jurisdictions.

EMGS reported a net loss of USD 52.8 million for 2016, up from a loss of USD 76.7 million for 2015.

Cash flow and balance sheetCash flow from operating, investing and financing activities

For 2016, net cash flow from operating activities was negative USD 0.8 million, compared with positive USD 28.3 million in 2015.

EMGS applied USD 13.5 million in investing activities in 2016. The investments consist of USD 3.4 million in property, plant and equipment and USD 11.5 million in multi-client investments and JIP field test. In addition, the Company sold its shares in North Energy ASA at a price of USD 1.4 million. In 2015, cash applied in investing activities amounted to USD 42.0 million. This included USD 7.7 million related to property, plant and equipment and USD 34.4 million in multi-client investments.

Cash flow from financial activities ended at negative USD 3.3 million in 2016 as a result of interest payments of USD 2.3 million and payment/settlement of loan and forward rate agreement of USD 1.1 million. In 2015, cash flow from financial activities ended at USD 20.3 million. The equity issue resulted in proceeds of USD 31.5 million, of which USD 8.9 million were used to buy back parts of the Company's outstanding bond loan.

In sum, cash decreased by USD 17.7 million in 2016. As of 31 December 2016, cash and cash equivalents totalled USD 18.9 million, including USD 4.8 million in restricted cash.

Financial position

EMGS' total assets amounted to USD 111.3 million as of 31 December 2016, down from USD 165.1 million as of 31 December 2015, mainly explained by the above-mentioned impairments and decrease in trade receivables.

The carrying value of the Group's multi-client library was USD 24.3 million at the end of 2016, a decrease of USD 17.9 million since the end of 2015.

Total borrowings were USD 31.9 million at the end of 2016, up from 31.5 million at the end of 2016.

11.4.3 Development in 2017***Operating results***Revenues and operating expenses

In 2017, the Group recorded revenues of USD 35.9 million, down from USD 44.5 million in 2016. Contract sales and other revenue ended at USD 3.5 million, while multi-client sales totalled USD 32.4 million. USD 13.3 million

was recorded as pre-funding multi-client revenues and USD 19.1 million was recorded as late sales multi-client revenues. In 2016, USD 21.8 million was recorded as contract sales, while multi-client sales totalled USD 22.7 million. This means that the sales from multi-client projects accounted for 90% of the revenues in 2017, compared with 51% in 2016.

The decrease in revenues from 2016 to 2017 can mainly be explained by a reduction in proprietary work and a reduction of work outside of Norway.

Charter hire, fuel and crew expenses ended at USD 10.3 million, a decrease of 43% from the USD 18.1 million reported in 2016. The main reasons for the decreased expenses are lower activity levels and the effect of the various cost savings measures implemented in 2016 and 2017. The Group's capitalisation of multi-client and JIP test costs was USD 6.8 million in 2017, compared with USD 11.5 million in 2016.

Employee expenses amounted to USD 17.1 million in 2017, down from the USD 25.1 million reported in 2016 (*see more details in Note 8 in Section 17.2 "Documents incorporated by reference"*).

Other operating expenses amounted to USD 6.3 million in 2017, compared with USD 10.1 million in 2016. *A detailed overview of the Group's other operating expenses is provided in Note 9, see Section 17.2 "Documents incorporated by reference"*).

Depreciation and amortisation

Depreciation and ordinary amortisation totalled USD 6.8 million in 2017, down from USD 7.7 million in 2016. The decrease is due to various assets becoming fully depreciated.

Multi-client amortisation amounted to USD 8.6 million in 2017, which is lower than the USD 11.2 recorded in 2016. **EMGS** changed its principles for multi-client amortisation from 1 January 2016 and onwards. The Company now uses straight-line amortisation for its completed multi-client projects, assigned over the useful life time of four years. The amortisation is then distributed evenly, independently of sales during the period.

In 2017, the Group recorded impairments of long-term assets of a total of USD 3.6 million, compared with a total of USD 17.3 million in 2016. In 2017, the impairment consisted of impairment of the multi-client library.

Financial items and result for the year before and after taxes

Interest expenses ended at USD 4.1 million in 2017, an increase from USD 3.3 million in 2016. **EMGS** recorded a loss on net foreign currency of USD 3.3 million in 2017 compared with a gain of USD 1.5 million in 2016. In 2017, net gain on financial liabilities consisted of the gain on a forward rate agreement of USD 2.1 million. The net loss on financial assets and liabilities of USD 6.3 million in 2016, consisted of the accumulated loss on the North Energy shares of USD 7.2 million that was reclassified from comprehensive income to net financial items when the Company sold its North Energy shares in January 2016 and a gain on the forward rate contract.

Net financial items ended at negative USD 5.0 million in 2017, compared to a negative USD 7.8 million in 2016.

For 2017, **EMGS** recorded a loss before income taxes of USD 21.9 million, compared with a loss before income taxes of USD 52.9 million in 2016.

Income tax expenses of USD 0.4 million were recorded in 2017, compared with a negative USD 0.1 million in 2016. These amounts relate to tax accruals in foreign jurisdictions.

EMGS reported a net loss of USD 22.3 million for 2017, up from a loss of USD 52.8 million for 2016.

Cash flow and balance sheet**Cash flow from operating, investing and financing activities**

For 2017, net cash flow from operating activities was negative USD 1.2 million, compared with negative USD 0.8 million in 2016.

EMGS applied USD 9.3 million in investing activities in 2017. The investments consist of USD 2.5 million in property, plant and equipment and USD 6.8 million in multi-client investments and JIP field test. In 2016, cash applied in investing activities amounted to USD 13.5 million. The investments consisted of USD 3.4 million in property, plant and equipment and USD 11.5 million in multi-client investments and JIP field test. In addition, the Company sold its shares in North Energy ASA at a price of USD 1.4 million.

Cash flow from financial activities ended at positive USD 13.1 million in 2017. The positive cash flow in 2017 includes proceeds from the right issue of USD 17.4 million, USD 2.0 million in bond repayment and settlement of part of the forward rate agreement, and USD 2.1 million in interest payments. In 2016, cash flow from financial activities ended at negative USD 3.3 million as a result of interest payments of USD 2.3 million and payment/settlement of a loan and the forward rate agreement of USD 1.1 million.

In summary, cash increased by USD 2.5 million in 2017. As of 31 December 2017, cash and cash equivalents totalled USD 23.1 million, including USD 6.5 million in restricted cash.

Financial position

EMGS' total assets amounted to USD 104.5 million as of 31 December 2017, down from USD 111.3 million as of 31 December 2016, mainly explained by the reduction in the value of the multi-client library.

The carrying value of the Group's multi-client library was USD 16.3 million as of 31 December 2017, a decrease of USD 24.3 million since 31 December 2016.

Total borrowings were USD 30.6 million at the end of 2017, down from 31.9 million as of 31 December 2016.

Liquidity requirements and financing facilities

EMGS' cash flow forecast including the Comprehensive Refinancing is considered sufficient for the Group to meet its liquidity requirements for 2018.

The Group's need for liquidity fluctuates from quarter to quarter depending on revenues, capital expenditures, vessels in operation and cash balance.

Cash and cash equivalents, excluding restricted cash, totalled USD 16.5 million as of 31 December 2017, up from USD 14.0 million as of 31 December 2016.

As of 31 December 2017, the total indebts under the Existing Bond Issue amounted to NOK 246 million (USD 29.8 million). In addition, the Company had financial lease obligations of USD 0.8 million and liabilities related to the forward rate agreement which amounted to USD 3.0 million at the end of 2017.

The Group has total borrowings of USD 30.6 million and a cash position of USD 23.1 million.

11.5 Significant changes in financial trading and trading positions after 31 December 2017

11.5.1 Subsequent events

Since 31 December 2017, the following changes have occurred:

Financing

On 2 March 2018, the Company announced a proposed comprehensive refinancing (the “**Comprehensive Refinancing**”). The Comprehensive Refinancing consists of two elements; (i) The Rights Issue with gross proceeds of up to USD 12.5 million, whereof USD 10.0 million is underwritten; and (ii) The Convertible Bond Issue with issuance of a new, fully underwritten convertible bond loan with a total nominal amount of up to USD 32.5 million.

The Rights Issue will provide the Company with financing for general corporate purposes.

The net proceeds from the Convertible Bond Issue will be used to refinance the Company's Existing Bond Issue. The terms of the Convertible Bond Issue include a reduction of the free cash covenant (USD 2.5 million compared with USD 10 million under the Existing Bond Issue), denomination in USD (new interest rate based on 3M USD LIBOR plus a margin of 5.5 per cent, compared with 3M NIBOR plus a margin of 6.0 per cent under existing bond loan), an extension of the maturity (2023 compared with 2019 under the Existing Bond Issue) and a conversion price equal to 135% of the subscription price in the Rights Issue.

The Comprehensive Refinancing will provide the Company with a significantly improved financial runway, stability and flexibility.

Provision for indemnity liability

Under an indemnity obligation, EMGS carries certain financial exposure related to a dispute involving one of its suppliers. Based on certain recent developments and advice received by EMGS from its legal advisors, a provision in the amount of USD 0.8 million has been made for this exposure. This figure consists of EMGS' best estimate of its principal exposure, plus its expenses and legal fees related to handling the matter and protecting EMGS' interests.

Other than as set out above, there have been no significant change in the financial or trading position of EMGS since 31 December 2017.

11.6 Investments

EMGS does not report investments by geographical area. As further described in Section 11.3 “Segment reporting”, the Group's operations are realised by short-term contracts from one to six months, with potential for seasonal and multi-year contract terms in some cases, and projects are typically awarded one to four months prior to commencement. Hence, the **EMGS**' vessels' geographic position will change relatively often.

11.6.1 Principal investments up to 31 December 2017

The exhibit below illustrates the Group's principal investments for the years ended 31 December 2015, 2016 and 2017.

<i>Figures in USD thousands</i>	2017 Audited	2016 Audited	2015 Audited
Purchases of property, plant and equipment	2 521	3 398	7 658
Investment in multi-client library and JIP test	6 819	11 500	34 379
Total investments	9 340	14 898	42 037

The Group invested a total of USD 42.0 million, USD 14.9 million and USD 9.3 million in the fiscal years ended 31 December 2015, 2016 and 2017, respectively. For these periods, the Company made investments in property, plant and equipment and multi-client data.

Property, plant and equipment

Investments in property plant and equipment in 2015 amounted to USD 7.7 million which mainly consisted of USD 4.2 million investment in the JIP and the remaining in other operational equipment. Investments into property plant and equipment in 2016 amounted to USD 3.4 million and mainly consisted of investment in the JIP. Investments in property plant and equipment in 2017 amounted to USD 2.5 million which mainly consisted of investment in the JIP.

R&D

During 2015, 2016 and 2017, **EMGS** had R&D costs of USD 2.1 million, USD 0.9 million and USD 0.8 million respectively. Certain of these R&D expenses were capitalised in accordance with IFRS. In 2015, 2016 and 2017, the Company capitalised USD 1.1 million, USD 0.5 million and USD 0.5 million of its employee expenses as development, respectively. The capitalised R&D costs are included as a part of purchases of property, plant and equipment in the table above. In addition, **EMGS** has invested USD 1.9 million, USD 0.2 million and USD 0.3 million in modelling and interpretation software in 2015, 2016 and 2017, respectively. These investments are also included as a part of purchases of property, plant and equipment in the table above.

Multi-client data

EMGS decreased its investments in the multi-client library in the period from 1 January 2015 to 31 December 2017. Investments in the multi-client library amounted to USD 32.5 million in 2015, USD 9.8 million in 2016 and USD 4.2 million in 2017.

11.6.2 Principal investments after 31 December 2017 and principal investments in progress

Since 31 December 2017 and up to the date of this Prospectus, **EMGS** has recorded and capitalised a total of USD 70,000 in property, plant and equipment and USD 168,000 in other intangible assets (R&D). These investments are related to the following:

Property, plant and equipment

Investments in property, plant and equipment since 31 December 2017 and up to the date of this Prospectus amounted to USD 70,000. This was mainly related to rebuilding and relocation of **EMGS'** offices in Houston, USA.

R&D

Since 31 December 2017 and up to the date of this Prospectus, **EMGS** had R&D costs of USD 168,000 of which USD 104,000 consists of capitalised employee expenses.

As of the date of this Prospectus, the Company has no ongoing principal investments. This is partially a result of the Company's cost reduction program that has been implemented in response to the reduced market activity. For a further description of the implemented measures impacting the Company's investment level and the expected implications of these, please refer to Section 7.21 "Factors affecting the Group".

11.6.3 Commitments to future principal investments

The Company is involved in the Joint industry project for the development of next generation CSEM technology, as further described in Section 7.18 "Overview of contracts". The development of a full JIP equipment set will require investments estimated to approximately USD 25 million. The funds will be sourced from earnings, proceeds from the Rights Issue and possibly drawdowns from the RCF. No firm investment decisions have been made by the Company in relation to the further development of the full JIP equipment set, and the Company may postpone such further investments until market conditions improve.

11.7 Summary of financing

As of 31 December 2017, the Group had the following debt facilities:

<i>Instrument</i>	<i>Security</i>	<i>Size</i>	<i>Balance as of 31.12.2017 (USD thousands)</i>	<i>Maturity</i>	<i>Interest</i>
NOK 246 million bond	Unsecured	NOK 246 million ¹	29,811	27.06.2019	3 mnt. NIBOR + 6.0%
Forward rate agreement		NOK 24.7 million	2,993	27.06.2019	
Finance lease liability	The leased property, plant and equipment	NOK 3.9 million	476	01.01.2020	3 mnt. NIBOR + 3.36% and 3.65%
Finance lease liability	The leased property, plant and equipment	NOK 2.3 million	290	01.08.2021	3 mnt. NIBOR + 3.36% and 3.65%

¹ Norwegian Overnight Weighted Average

11.7.1 NOK 246 million bond (the Existing Bond Issue)

On 26 June 2013, **EMGS** issued an unsecured NOK 350 million bond with an interest at NIBOR + 6.0% p.a. The bond loan agreement of the Existing Bond Issue (the "**Existing Bond Agreement**", entered into on 26 June 2013 as later amended from time to time) was renegotiated and NOK 80 million of the bond was bought back at 80% of par value in December 2015. In March 2017, the Company bought an additional NOK 24 million back at 70% of par value.

The Existing Bond Agreement includes the following financial covenants:

- Capital employed ratio of minimum 1/3
- Free cash equivalents of at least USD 10 million

The financial covenants will apply for the Group at all times and will be tested on a quarterly basis.

During the terms of the bond, the Company shall comply with inter alia the following general covenants and undertakings at any time:

- Dividend restrictions: the issuer shall not, during the term of the bond, declare or make any dividend payment, repurchase of shares or make similar transaction, repay any shareholder loans or grant any loans or other distributions to its shareholders.
- Listing: the issuer shall ensure that the issuer's shares remain listed on the Oslo Stock Exchange, or another realised stock exchange
- Financial assistance: the issuer shall ensure that no Group company shall grant any loans, guarantees or other financial assistance to any third party not being member of the Group, other than in ordinary course of business and in respect of guarantees.
- Permitted financial indebtedness: no Group company shall incur or permit to remain outstanding any financial indebtedness, other than permitted financial indebtedness. The permitted financial indebtedness means a) financial indebtedness incurred under the bond agreement, b) any financing by banks of receivables for services or products sold, c) any borrowings pursuant to the revolving credit facility, d) any utilisation made of the guarantee facility, e) any indemnity issued in connection with bid and performance guarantees issued by banks to customers not exceeding USD 5 million in aggregate, f) intercompany loans which are fully subordinated in the bonds, g) seller's credit and retention of title arrangement, h) any financial indebtedness which is fully subordinated in the bonds, i) permitted hedging obligation, j) any financial indebtedness not exceeding USD 5 million in aggregate and k) any refinancing of any of the above with financial indebtedness permitted under a) to j), provided that such refinancing is on no more onerous terms for the relevant Group company.
- Multi-client library: no pledge shall exist over all or parts of the multi-client library and the issuer shall procure that no member of the Group sells or otherwise disposes of any part of the multi-client library other than licensing multi-client data in the ordinary course of business or inviting industrial partners to take equity interest in the Group's multi-client projects.

The Issuer may redeem the entire Existing Bond Issue from and including interest payment date in June 2015 to, but not included, 27 December 2018 at 103% of par plus accrued interest on redeemed amount, and thereafter until the maturity date at 100% of par plus accrued interest on redeemed amount.

Upon the occurrence of a change of control event, each bondholder shall have a right of prepayment of its bond at a price of 101% of par plus accrued interest during a period of 2 months following the notice of the change of control event.

Furthermore, the Existing Bond Agreement includes a provision restricting disposal of assets, restructuring of the **EMGS** Group and requiring continuation of business.

In February 2015, **EMGS** entered into a forward rate agreement with the purpose of reducing its exposure to exchange rate fluctuations related to the bond loan. In June 2016, the forward contract was amended by a new contract. The NOK amount was reduced to NOK 270 million and the settlement date was postponed to 27 June 2019. The negative market value related to the NOK 270 million was continued in the amended contract, while the negative market value of the difference between NOK 350 million and NOK 270 million of USD 0.7 million was paid in 2016. The Company has transferred a collateral when the negative market value of the contract exceeded a threshold. The threshold of USD 4 million was gradually reduced to 0 until the end of 2017, and will remain at that level until the settlement date.

11.7.2 USD 10 million bank overdraft facility

In February 2015, the Company entered into a loan agreement with DNB Bank ASA for a bank overdraft facility of USD 10 million with an interest of Norwegian overnight weighted average rate + 2.5%. The primary purpose of the overdraft facility is to fund the Company's ordinary operations. The overdraft facility is secured by first priority assignment of receivables in the Group.

The overdraft facility agreement includes the following financial covenants:

- Capital employed ratio of minimum 1/3
- Minimum free cash of USD 10 million

11.7.3 USD 10 million committed guarantee facility

In March 2012, the Group entered into a loan agreement with DNB Bank ASA for a committed guarantee facility with an annual guarantee provision of 2.00%. The committed guarantee is to be used for payments, bids and performance bonds in connection with needs in the Company's daily operations (e.g. guarantee for customers, guarantee for rent of the Company's office building). The committed guarantee facility is secured by first priority assignment of receivables in the Group.

The guarantee facility agreement includes the following financial covenants:

- Capital employed ratio of minimum 1/3
- Minimum free cash of USD 10 million

11.7.4 Financial lease liabilities

The finance lease liabilities relate to certain property, plant and equipment and are capitalised leases for financial reporting purposes. The related leased property, plant and equipment serve as the collateral under such leases.

11.8 Capital resources and indebtedness**11.8.1 Financial risk management**

For a description of the Group's financial risk management, please see note 3 of the 2017 Annual Report incorporated by reference to this Prospectus, see Section 17.2 "Documents incorporated by reference".

11.8.2 Working capital statement

In the opinion of the Company, the working capital for the Group is sufficient to meet the Group's working capital requirements for the next twelve months.

11.8.3 Capitalisation and indebtedness

As of 31 December 2017, the Group's capitalisation amounted to USD 104.5 million and the shareholder's equity to USD 27.9 million, which results in an equity ratio of 26.7%. The total current financial debt as of 31 December 2017 amounted to USD 22.7 million, while the liquidity amounted to USD 19.5 million and current financial receivables amounted to USD 17 million, resulting in a net current financial asset of 13.9 million. Total non-current financial indebtedness amounted to USD 54 million, resulting in a net financial indebtedness of USD 40.1 million.

As of 31 December 2017, cash and cash equivalents totaled USD 23.1 million, including USD 6.5 million in restricted cash.

Significant changes to the Group's capitalisation and indebtedness following 31 December 2017:

Significant changes to capitalisation:

<i>Figures in USD thousands</i>	As of 31.12.2017 Audited	Adjustments Unaudited ¹	As of date of Prospectus Unaudited
Total current debt	22,694	1,000⁴	23,694
Guaranteed	-	-	-
Secured ²	290	-	290
Unguaranteed/unsecured	22,404	1,000	23,404
Total non-current debt (excluding current portion of long-term debt)	53,950	(800)⁵	53,150
Guaranteed	-	-	-
Secured ³	84	-	84
Unguaranteed/unsecured	53,866	(800)	53,066
Shareholders' equity:			
Share Capital	336,764	-	336,764
Retained Earnings	(307,258)	.. ⁶	(307,258) ⁶
Other Reserves	(1,617)	-	(1,617)
Total capitalisation	104,534	200⁶	104,734⁶

¹Changes after the end of 2017.

²The secured current debt is in part related to the financial lease liability where property, plant and equipment serve as collateral.

³ The secured non-current debt is related to the financial lease liability where property, plant and equipment serve as collateral.

⁴ Changes in deferred revenue (customer is invoiced but revenue is not yet recognised).

⁵ Foreign exchange rate adjustments of non-current borrowings.

⁶ No adjustment has been made for profit and loss after 31.12.2017 (i.e. profit and loss reserve adjustment has been omitted).

Significant changes to indebtedness:

<i>Figures in USD thousands</i>	As of 31.12.2017 Audited	Adjustments Unaudited¹	As of date of Prospectus Unaudited
A. Cash	19,545 ²	(5,000) ⁴	14,545 ³
B. Cash equivalents	-	-	-
C. Trading securities	-	-	-
D. Liquidity (A+B+C)	19,545	(5,000)	14,545
E. Current financial receivable	24,232	(6,000)⁵	18,232
F. Current bank/bond debt	-	-	-
G. Current portion of non-current debt	290	-	290
H. Other current financial debt	22,404	1,000 ⁶	22,404
I. Current financial debt (F+G+H)	22,694	1,000	23,694
J. Net current financial indebtedness (I-E-D)	(21,083)	12,000	(9,083)
K. Non-current bank loans	-	-	-
L. Bonds issued	29,811	(800) ⁷	29,011
M. Other non-current loans	24,139	-	24,139
N. Non-current financial indebtedness (K+L+M)	53,950	(800)	53,150
O. Net financial indebtedness (J+N)	32,867	11,200	44,067

¹ Changes after the end of 2017.² USD 2,997 of the cash balance is restricted³ USD 3,616 of the cash balance is restricted⁴ Consist of decrease of free cash USD 5.6 million and increased restricted cash of USD 0.6 million⁵ Change of Trade Receivables⁶ Changes in deferred revenue (customer is invoiced but revenue is not yet recognised).⁷ Foreign exchange rate adjustments of non-current borrowings.

The Group does not have any other indirect or contingent indebtedness.

Other than as adjusted for in the tables above, there have been no significant changes to the Group's capitalization and / or indebtedness since 31 December 2017.

11.9 Auditors

The Company's auditor since its incorporation has been Ernst & Young AS ("EY"). The address of the auditor is Dronning Eufemias gate 6, NO-0191 Oslo, Norway.

The financial statements for 2015 were audited by EY, and their audit opinion was issued without qualifications. The 2015 audit report can be found on page 100 of the Company's 2015 Annual Report, incorporated by reference to this Prospectus, see Section 17.2 "Documents incorporated by reference".

The financial statements for 2016 were audited by EY, and their audit opinion was issued without qualifications. The 2016 audit report can be found on page 101 of the Company's 2016 Annual Report, incorporated by reference to this Prospectus, see Section 17.2 "Documents incorporated by reference".

The financial statements for 2017 were audited by EY, and their audit opinion was issued without qualifications. The 2017 audit report can be found on page 98 of the Company's 2017 Annual Report, incorporated by reference to this Prospectus, see Section 17.2 "Documents incorporated by reference".

Other than the reports listed above, EY has not audited or produced any report on any other information provided in this Prospectus. EY is a state authorized public accounting firm (Norway) and member of Den Norske Revisorforening (The Norwegian Institute of Public Accountants).

12. SHARES AND SHARE CAPITAL

The following is a summary of material information relating to **EMGS'** share capital, including summaries of **EMGS'** Articles of Association and applicable Norwegian law in effect as of the date of this Prospectus, including the Norwegian Public Companies Act of 13 June 1997 no. 45. The summary does not purport to be complete and is qualified in its entirety by **EMGS'** Articles of Association and Norwegian law.

12.1 General

EMGS is a public limited liability company organised under the laws of Norway and subject to the Norwegian Public Limited Liability Companies Act, with its registered office at Stiklestadveien 1, 7041 Trondheim, Norway. The legal and commercial name of the Company is Electromagnetic Geoservices ASA. **EMGS** was incorporated on 30 January 2002 and registered with the Norwegian Register of Business Enterprises on 2 February 2002 with organisational number 984 195 486.

EMGS' independent auditor is Ernst & Young AS (EY), and their business address is P.O. Box 20, Oslo Atrium, N-0051 Oslo, Norway. EY is a member of Den Norske Revisorforening (the Norwegian Institute of Public Accountants).

The Company currently has one class of Shares which carries equal rights in all respects, including (but not limited to) the right to dividend; voting rights; rights to share in the issuer's profit and rights to share in any surplus in the event of liquidation. The holders of the Shares have pre-emptive rights in offers for subscription of the Shares. The Shareholders do not have any conversion rights. Each Share carries one vote at the Company's general meeting. The Company's shares are freely transferable.

12.2 Stock exchange listing

EMGS has been listed on the Oslo Stock Exchange (*Nw: Oslo Børs*) since 30 March 2007. The Company is not listed, and has not applied for listing, on any other regulated market.

12.3 Share capital and share capital development

As of the date of this Prospectus, **EMGS'** has a fully paid share capital of NOK 91,428,874 divided into 91,428,874 Shares each with a par value of NOK 1.00 per share. The Company's Shares are registered in VPS under ISIN number NO 0010358484. **EMGS'** VPS account manager is DNB Bank ASA, PO Box 1600 Sentrum, N-0021 Oslo, Norway.

12.3.1 Reconciliation of the number of shares outstanding at the beginning and end of the year

As of 31 December 2013 and 1 January 2014, **EMGS** had a fully paid share capital of NOK 49,934,889 divided into 199,739,555 shares, each with a par value of NOK 0.25 per share.

As of 31 December 2014, 1 January 2015 and 30 September 2015, **EMGS** had a fully paid share capital of NOK 49,941,389 divided into 199,765,555 shares, each with a par value of NOK 0.25 per share.

As of 31 December 2015 and 1 January 2016, **EMGS** had a fully paid share capital of NOK 327,941,389 divided into 1,311,765,555 shares, each with a par value of NOK 0.25 per share.

As of 31 December 2016 and 1 January 2017 **EMGS** had a fully paid share capital of NOK 327,941,390 divided into 32,794,139 Shares each with a par value of NOK 10.00 per share.

As of 31 December 2017 and 1 January 2018, **EMGS** had a fully paid share capital of NOK 91,428,874 divided into 91,428,874 Shares each with a par value of NOK 1.00 per share.

12.3.2 Historic Share Capital

EMGS was incorporated on 30 January 2002 by Statoil, NGI, Terje Eidesmo, Svein Ellingsrud and Ståle E. Johansen with a share capital of NOK 2,400,000, divided into 2,400 shares each with a nominal value of NOK 1,000.

As of 31 December 2011 and 1 January 2012, **EMGS** had a fully paid share capital of NOK 49,360,391 divided into 197,441,562 Shares, each with a par value of NOK 0.25 per share.

On 27 March 2012, the share capital was increased by NOK 236,123 to NOK 49,596,514 through issuance of 944,493 ordinary shares, each with a nominal value of NOK 0.25. The shares were subscribed for by certain employees of **EMGS**, pursuant to previously granted employee options. The subscription price per share was NOK 17.30.

On 20 June 2012, the share capital was increased by NOK 28,500 to NOK 49,625,014 through issuance of 114,000 ordinary shares, each with a nominal value of NOK 0.25. The shares were subscribed for by certain employees of **EMGS**, pursuant to previously granted employee options. The subscription price varied depending on the terms of each of the relevant option agreements, where one tranche, consisting of 16,000 Shares, had a subscription price of NOK 4.28 and one tranche, consisting of 98,000 Shares, had a subscription price of NOK 5.77.

On 2 October 2012, the share capital was increased by NOK 94,000 to NOK 49,719,014 through issuance of 376,000 ordinary shares, each with a nominal value of NOK 0.25. The shares were subscribed for by certain employees of **EMGS**, pursuant to previously granted employee options. The subscription price varied depending on the terms of each of the relevant option agreements, where one tranche, consisting of 161,000 Shares, had a subscription price of NOK 4.28, one tranche, consisting of 202,000 Share, had a subscription price of NOK 5.77 and one tranche, consisting of 13,000 Shares had a subscription price of NOK 11.70.

On 18 December 2012, the share capital was increased by NOK 1,000 to NOK 49,720,014 through issuance of 4,000 ordinary shares, each with a nominal value of NOK 0.25. The shares were subscribed for by certain employees of **EMGS**, pursuant to previously granted employee options. The subscription price varied depending on the terms of each of the relevant option agreements, where one tranche, consisting of 3,000 Shares, had a subscription price of NOK 4.28 and one tranche, consisting of 1,000 Share, had a subscription price of NOK 5.77.

On 19 June 2013, the share capital was increased by NOK 28,000 to NOK 49,748,014 through issuance of 112,000 ordinary shares, each with a nominal value of NOK 0.25. The shares were subscribed for by certain employees of **EMGS**, pursuant to previously granted employee options. The subscription price varied depending on the terms of each of the relevant option agreements, where one tranche, consisting of 33,000 Shares, had a subscription price of NOK 4.28 and one tranche, consisting of 79,000 Share, had a subscription price of NOK 5.77.

On 18 September 2013, the share capital was increased by NOK 87,000 to NOK 49,835,014 through issuance of 348,000 ordinary shares, each with a nominal value of NOK 0.25. The shares were subscribed for by certain employees of **EMGS**, pursuant to previously granted employee options. The subscription price varied depending on the terms of each of the relevant option agreements, where one tranche, consisting of 98,000 Shares, had a subscription price of NOK 4.28 and one tranche, consisting of 250,000 Share, had a subscription price of NOK 5.77.

On 31 December 2013, the share capital was increased by NOK 99,875 to NOK 49,934,889 through issuance of 399,500 ordinary shares, each with a nominal value of NOK 0.25. The shares were subscribed for by certain employees of **EMGS**, pursuant to previously granted employee options. The subscription price varied depending on the terms of each of the relevant option agreements, where one tranche, consisting of 12,000 Shares, had a subscription price of NOK 4.28 and one tranche, consisting of 387,500 Share, had a subscription price of NOK 5.77.

On 25 April 2014, the share capital was increased by NOK 6,500 to NOK 49,941,389 through issuance of 26,000 ordinary shares, each with a nominal value of NOK 0.25. The shares were subscribed for by certain employees of **EMGS**, pursuant to previously granted employee options. The subscription price varied depending on the terms of each of the relevant option agreements, where one tranche, consisting of 13,000 Shares, had a subscription price of NOK 4.28 and one tranche, consisting of 13,000 Share, had a subscription price of NOK 5.77.

On 21 December 2015, the share capital was increased by NOK 278,000,000 through the issuance of 1,112,000,000 ordinary shares, each with a nominal value of NOK 0.25. The net proceeds were used to strengthen **EMGS'** financial position, for general corporate purposes and to finance a partial buy-back of the Company's bond loan. The subscription price per Share was NOK 0.25.

As of 31 December 2015 and 1 January 2016, **EMGS** had a fully paid share capital of NOK 327,941,389 divided into 1,311,765,555 shares, each with a par value of NOK 0.25 per share.

In June 2016, the Company increased the share capital by NOK 1.25 by way of an issue of 5 new shares, each with the nominal value of NOK 0.25. Thereafter the fully paid share capital was NOK 327,941,390.00, divided into 1,311,765,560 shares, each with a par value of NOK 0.25 per share. The subscription price per Share was NOK 0.25.

In July 2016, the Company's shares were consolidated so that 40 shares, each having a par value of NOK 0.25, were consolidated into one share having a par value of NOK 10.00.

As of 31 December 2016 and 1 January 2017 **EMGS** had a fully paid share capital of NOK 327,941,390 divided into 32,794,139 shares each with a par value of NOK 10.00 per share.

On 25 April 2017, the general meeting of the Company resolved to reduce the par value of its shares from NOK 10.00 to NOK 1.00. The share capital was reduced by NOK 295,147,251. The reduction of the share capital became effective on 16 June 2017.

On 7 July 2017, the share capital was increased by NOK 58,634,735 through the issuance of 58,634,735 ordinary shares, each with a nominal value of NOK 1.00. The net proceeds were used to strengthen **EMGS'** financial position and for general corporate purposes. The subscription price per Share was NOK 2.45.

As of 31 December 2017 and 1 January 2018 **EMGS** had a fully paid share capital of NOK 91,428,874 divided into 91,428,874 shares each with a par value of NOK 1.00 per share

The development in the Company's share capital is summarised in the table below.

Date	Type of change	Share capital increase (#)	Nominal value (NOK)	Share capital increase (NOK)	Shares (#)	Share capital (NOK)
31.12.2011	n.a.	n.a.	n.a.	n.a.	197,441,562	49,360,391
27.03.2012	Exercise of employee options	944,493	0.25	236,123	198,386,055	49,596,514
20.06.2012	Exercise of employee options	114,000	0.25	28,500	198,500,055	49,625,014
02.10.2012	Exercise of employee options	376,000	0.25	94,000	198,876,055	49,719,014
18.12.2012	Exercise of employee options	4,000	0.25	1,000	198,880,055	49,720,014
19.06.2013	Exercise of employee options	112,000	0.25	28,000	198,992,055	49,748,014
18.09.2013	Exercise of employee options	348,000	0.25	87,000	199,340,055	49,835,014
31.12.2013	Exercise of employee options	399,500	0.25	99,875	199,739,555	49,934,889
01.05.2014	Exercise of employee options	26,000	0.25	6,500	199,765,555	49,941,389
21.12.2015	Rights Issue	278,000,000	0.25	1,112,000,000	1,311,765,555	327,941,389
24.06.2016	Rights Issue	1.25	0.25	5	1,311,765,560	327,941,390
24.02.2017	Share consolidation	n.a.	10.00	n.a.	32,794,139	327,941,390
16.06.2017	Reduction in par value	n.a.	1.00	- 295,147,251	32,794,139	32,794,139
07.07.2017	Rights Issue	58,634,735.	1.00	58,634,735	58,634,735	91,428,874

12.4 Board authorisations to increase share capital and acquire own shares

At the AGM held on 25 April 2017, the Board of Directors was authorized to increase the share capital and to acquire own shares, as described below. The minutes from the AGM is incorporated by reference to this Prospectus, see Section 17.2 "Documents incorporated by reference".

Firstly, the Board of Directors was authorised to increase the share capital by up to NOK 7,000,000. Further details are set out in the resolution by the AGM that states, among others, that the authorisation will be utilised in connection with potential acquisitions of companies or businesses within the oil and energy sector, including the oil service sector, and/or to finance general corporate purposes. The authorisation is valid until 30 June 2018.

Secondly, the Board of Directors was authorised to increase the share capital by up to NOK 402,599. Further details are set out in the resolution by the AGM that states that the authorisation will be utilised for fulfilling the Company's obligations towards holders of options, should such options be exercised. All options are based on the Employee Option Program. The authorisation is valid until 30 June 2018.

12.5 Options

As of the date of this Prospectus, 344,874 options and 75,000 options with financial settlement (synthetic options) are issued and outstanding with a weighted average exercise price of USD 16.51. Each option entitles the holder to subscribe for and receive one (1) Share.

Options are granted as part of an incentive scheme for **EMGS'** directors and certain employees. As of the date of the Prospectus, outstanding options represent 0.46 %¹⁴ of the issued shares in **EMGS** on a fully diluted basis.

The largest option holders are:

Name	Number of options	Number of synthetic options
<i>Christiaan Vermeijden</i>	<i>250 000</i>	<i>75 000</i>
<i>Bjørn Petter Lindhom</i>	<i>10 000</i>	<i>0</i>
<i>Roar Bekker¹⁴</i>	<i>9 000</i>	<i>0</i>
<i>Friedrich Roth</i>	<i>7 500</i>	<i>0</i>

The employees and directors of **EMGS**, excluding Christiaan Vermeijden, have been awarded options in several tranches since July 2004. The strike price under these option arrangements varies from NOK 156.40 to NOK 772.00 per share. The expiry date is seven years following the grant date and the options are vested proportionally in 20% increments during the relevant period with the first portion vesting on the grant date and the final portion vesting four years thereafter. Vested options may be exercised at will wholly or partly during exercise periods until the relevant expiry date. If an individual's employment is terminated all outstanding options, both vested and not vested, will be annulled.¹⁵

The options issued to Christiaan Vermeijden have a strike price of NOK 8.82. The grant date was 26 November 2015 and 1/3 will vest on 26 November 2018, 1/3 on 26 November 2019 and 1/3 on 26 November 2020. The options can be exercised until two years after vesting, i.e. 1/3 will expire on 26 November 2020, 1/3 on 26 November 2021 and 1/3 on 26 November 2022. The synthetic options have a strike price of NOK 8.82 and shall vest and be exercised according to the same schedule as applicable to the ordinary options.

The Board of Directors of **EMGS** is currently in the process of assessing the initiation of a new share option program directed towards the Company's employees.

¹⁴ 419,874 options outstanding relative to 91,428,874 shares issued as of 31 March 2018

¹⁵ The options allocated to Roar Bekker during his tenure with the Company were not allured following termination as a part of his severance agreement

12.6 Convertible instruments and warrants

As of the date of this Prospectus, the Company has no outstanding convertible instruments or warrants.

Investors should note that the Convertible Bond Issue is a convertible instrument, and that bondholders are, subject to the terms and conditions of the Bond Terms, entitled to convert their Convertible Bonds into Shares. For further details regarding any such conversion, please refer to section 6 “The Convertible bond issue”.

12.7 Own shares

As of the date of this prospectus, the Company does not own any treasury shares.

12.8 Shareholder structure

As of 12 April 2018, the Company had registered with the VPS a total of 3,365 shareholders.

The below table shows the 20 largest shareholders in **EMGS** registered with VPS as of 12 April 2018.

#	Shareholder	Number of shares	Ownership
1	Siem Investments Inc.	21,869,450	23.92%
2	Perestroika AS	20,560,847	22.49%
3	Morgan Stanley & Co. ¹	18,074,938	19.77%
4	Bækkelaget Holding AS	3,010,000	3.29%
5	Sportsmagasinet AS	2,575,001	2.82%
6	Rosenfonn Invest AS	1,500,000	1.64%
7	NHO-P665AK	902,932	0.99%
8	DNB Navigator (ii)	711,279	0.78%
9	Nordnet Livsforsikring AS	707,259	0.77%
10	Statoil Pensjon	701,458	0.77%
11	Kristian Falnes AS	500,000	0.55%
12	Haav Holding AS	400,000	0.44%
13	Milgis Stiftelsen (Norge)	360,000	0.39%
14	Jackwitz	351,832	0.38%
15	J&J Investment AS	340,000	0.37%
16	Øverland	340,000	0.37%
17	Rage	306,500	0.34%
18	Rygg	300,000	0.33%
19	Nordea Bank AB	279,397	0.31%
20	Sandbæk	277,500	0.30%

¹ RWC European Master Inc

All Shares carry the same voting rights, equal to one vote per Share. To the knowledge of the Board of Directors, none of **EMGS'** shareholders are parties to any shareholders' agreement relating to the shares.

In accordance with the disclosure obligations regulated by Norwegian law, shareholders owning or controlling more than 5% of the share capital of a company listed on Oslo Børs, must notify Oslo Børs immediately. See also Section 15.6 “Disclosure obligations” regarding shareholding disclosure obligations regulated by Norwegian law.

As set out in the table above, the following shareholders have an interest in the Company’s capital which is notifiable under the issuer’s national law.

- Siem Investments Inc. holding 23.92% of the outstanding shares in **EMGS** as of the date of this prospectus
- Perestroika AS holding 22.49% of the outstanding shares in **EMGS** as of the date of this prospectus
- RWC European Focus Master Inc. holding 19.77% of the outstanding shares in **EMGS** as of the date of this prospectus

No person, entity or group owns or controls, directly or indirectly, more than fifty percent of the shares and voting rights of the Company. Thus, the Company is not directly or indirectly controlled by any other person, entity or group. The Company is not aware of any shareholders’ agreement(s).

Other than as set out above, in so far as is known to **EMGS**, there are no persons, other than members of the administrative, management or supervisory bodies of **EMGS** who, directly or indirectly, has an interest in the Company’s capital or voting rights which is notifiable under applicable law.

Depending on the subscription and allocation of the New Shares, including to what extent Existing Shareholders exercise their Share Subscription Rights, a person, entity or group may, through the subscription of New Shares, obtain a controlling interest in the Company. Furthermore, conversion of Convertible Bonds may entitle a person, entity or group to a number of Shares which, together with any Shares held prior to such conversion, may result in a change of control in the Company.

12.9 Registration of shares

The Shares are registered in VPS under ISIN number NO 0010358484. **EMGS’** VPS account manager is DNB Registrar’s Department, Dronning Eufemias gate 30, PO Box 1600 Sentrum, N-0021 Oslo, Norway.

12.10 Dividends and dividend policy

EMGS aims to create value for its shareholders over the long term through the increase of the share price in addition to dividends. The Company has not paid dividends since the listing of the Company in March 2007, and as of the date of the Prospectus, the Company does not intend to pay dividends.

The Company has not purchased own shares since December 2007.

Subject to Norwegian law, **EMGS’** Board of Directors will propose payment of future dividends on its Shares, if any, and the amount of any dividends in light of **EMGS’**:

- earnings and cash flows;
- capital requirements;
- financial condition and prospects;

- applicable contractual restrictions limiting **EMGS'** ability to pay dividends; and
- other factors **EMGS'** Board of Directors deem relevant.

In addition, any proposal by **EMGS'** Board of Directors must be approved by its shareholders.

12.11 EMGS' Articles of Association as of the date of this Prospectus

The name of the Company – The name of the Company is Electromagnetic Geoservices ASA. The Company is a public limited liability company.

Registered office – The registered office of the Company shall be in the municipality of Trondheim.

The Company's activity – The Company's activity is to engage, by itself or through proprietary interests in other companies, in the prospecting for hydrocarbon deposits in connection with the exploration, development and production of hydrocarbons.

Share capital – The Company's share capital is NOK 91,428,874 divided into 91,428,874 shares, each with a par value of NOK 1.00. The shares shall be registered with the Norwegian Central Securities Depository (VPS).

Board of directors – The Board of Directors shall have 5 to 11 members. The Board will form a quorum when more than half of the members are present or participate. The Board's resolutions shall be adopted by simple majority, unless otherwise required under the Public Limited Liability Companies Act (Allmennaksjeloven). In the event of a tie vote, the Chairperson shall have the casting vote.

Signatory rights – The signatory rights of the Company are held by two members of the Board jointly, or by the General Manager and one member of the Board jointly. The Board of Directors may grant power of procuration.

The General Meeting – The Ordinary General Meeting shall transact and decide the following business:

- Approval of the Annual Accounts and Annual Report, including the distribution of dividend
- Any other business to be transacted at the General Meeting by law or according to the Articles of Association.
- Appointment of the Board of Directors.

Based on the decision of the Board of Directors, the General Meeting may be held in Trondheim or Oslo.

Notice and voting rights – Notice of General Meeting shall be given at least 21 days before the meeting. Provided that the shareholders may participate in General Meetings electronically, ref. § 9, the General Meeting may, with the majority required to amend the Articles of Association and with effect until the next Annual General Meeting, decide that the calling notice for Extraordinary General Meetings shall be sent at least two weeks before the date of the meeting.

Shareholders who wish to take part in the General Meeting must give notice to the Company by the date stated in the notice of meeting, which date must be at least two business days before the General Meeting.

Each share carries one vote in the Company's General Meeting. A shareholder with shares registered through an approved share manager pursuant to section 4-10 of the Norwegian Public Limited Companies Act has voting

rights equivalent to the number of shares covered by the share management assignment provided that the shareholder within two business days before the General Meeting provides the Company with his name and address and presents confirmation from the share manager that the shareholder is the beneficial owner of the shares that are being managed.

Electronic participation in General Meetings – The Board of Directors may decide that the shareholders shall be able to participate in the General Meeting by use of electronic aid, including that they may exercise their rights as shareholders electronically.

The Board of Directors may only decide to allow electronic participation according to the previous subsection if it ensures adequate holding of the General Meeting and that systems are in place which ensure that the law's requirements regarding General Meetings are fulfilled. The systems must ensure that participation and voting can be controlled adequately, and an adequate method for authenticating the sender must be used.

Distribution of documents to the shareholders – When documents which concern matters that are to be dealt with in the general meeting have been made accessible for the shareholders on the Company's web-pages, the law's requirement that the documents shall be sent to the shareholders does not apply. This also applies to documents which according to law shall be included in or enclosed to the calling notice for the general meeting. A shareholder can however demand that documents which concern matters that are to be dealt with in the general meeting are sent to him. The Company cannot claim any compensation for sending the documents to the shareholders.

The calling notice for the general meeting shall inform of the address of the web-page and other information that the shareholders need to gain access to the documents on the Company's web-pages, in addition to information of where the shareholders can inquire to have the documents sent to them.

Nomination Committee – The Company shall have a Nomination Committee. The Nomination Committee shall consist of 2 to 3 members who shall be elected by the Annual General Meeting for a period of 2 years at a time unless the Annual General Meeting decides a shorter period. The Nomination Committee shall prepare proposals to the Annual General Meeting regarding:

- Election of shareholder elected Board Members and Chairman of the Board
- Election of Nomination Committee members and Chairman.
- Remuneration to Board Members
- Changes to the mandate or guidelines for the Nomination Committee

Any other matters – the legislation for Public Limited Liability Companies, in force at any time, shall apply.

12.12 Shareholders' Rights

Under Norwegian law, all shares of the same class are entitled to equal rights in a company. **EMGS'** Articles of Association provide for a single class of shares with equal rights. **EMGS'** Articles of Association do not contain rules which are more significant than the rules of the Norwegian Public Limited Companies Act with regard to the actions necessary to change the rights of holders of shares.

12.13 Limitations on the Right to Own and Transfer the Shares

There are no restrictions affecting the right of Norwegian or Non-Norwegian residents or citizens to own the shares.

EMGS' Articles of Association do not contain any provisions restricting the transferability of the shares.

12.14 General Meetings

In accordance with Norwegian law, the Annual General Meeting of **EMGS'** shareholders is required to be held each year on or prior to June 30. Pursuant to § 5-11b of the Norwegian Public Limited Companies Act, it is required that the calling notice be sent at least 21 days before General Meetings.

A shareholder may vote at the general meeting either in person or by proxy. Although Norwegian law does not require **EMGS** to send proxy forms to its shareholders for general meetings, **EMGS** generally includes a proxy form with notices of general meetings.

In addition to the Annual General Meeting, Extraordinary General Meetings of shareholders may be held if deemed necessary by the Board of Directors. An Extraordinary General Meeting must also be convened for the consideration of specific matters at the written request of **EMGS'** auditors or shareholders representing a total of at least 5% of the share capital.

12.15 Voting Rights—Amendments to the Articles of Association

All the shares have an equal right to vote at general meetings. Shareholders who wish to take part in the general meeting must give notice to the Company by the date stated in the calling notice, which date must be at least two working days before the general meeting.

An owner with shares registered through a custodian approved pursuant to Section 4-10 of the Norwegian Public Limited Liability Companies Act has voting rights equivalent to the number of shares covered by the custodian arrangement, provided that the owner of the shares within two working days before the general meeting provides **EMGS** with his name and address together with a confirmation from the custodian to the effect that he is the beneficial owner of the shares held in custody and the Board of Directors does not disapprove the beneficial ownership after receipt of the notification.

In general, decisions that shareholders are entitled to make under Norwegian law or **EMGS'** Articles of Association may be made by a simple majority of the votes cast. In the case of elections, the persons who obtain the most votes cast are elected. However, as required under Norwegian law, certain decisions, including resolutions to waive preferential rights in connection with any share issue, to approve a merger or demerger, to amend the Articles of Association, to authorise an increase or reduction in the share capital, to authorise an issuance of convertible loans or warrants or to authorise the Board of Directors to purchase the shares or to dissolve **EMGS**, must receive the approval of at least two-thirds of the aggregate number of votes cast as well as at least two-thirds of the share capital represented at a general meeting. Norwegian law further requires that certain decisions, which have the effect of substantially altering the rights and preferences of any shares or class of shares, receive the approval of the holders of such shares or class of shares as well as the majority required for amendments to the Articles of Association.

Decisions that (i) would reduce any shareholder's right in respect of dividend payments or other rights to the assets or (ii) restrict the transferability of the shares require a majority vote of at least 90% of the share capital represented at the general meeting in question as well as the majority required for amendments to the Articles

of Association. Certain types of changes in the rights of shareholders require the consent of all shareholders affected thereby as well as the majority required for amendments to the Articles of Association.

In general, only a shareholder registered as the beneficial owner of the shares in the VPS is entitled to vote for such shares. The nominee cannot exercise voting rights on behalf of the shareholder. However, the general meetings of several Norwegian companies have accepted voting of deposited shares when the beneficial owner has documented the ownership, cf Section 4-2 of the Norwegian Public Limited Companies Act. The wording of the Articles of Association of **EMGS** (see section 12.11 of this Prospectus) relating to voting of deposited shares is commonly used by several Norwegian companies.

Potential investors should note that there are varying opinions as to the interpretation of Norwegian law in respect of the right to vote nominee-registered shares. For example, in a statement dated 21 November 2003, the OSE opined that “nominee-shareholders” may vote in general meetings if such holders actually prove their shareholding prior to the general meeting.

There are no quorum requirements at general meetings.

12.16 Additional Issuances and Preferential Rights

If **EMGS** issues any new shares, including bonus share issues, its Articles of Association must be amended, which requires the same vote as other amendments to its Articles of Association. In addition, under Norwegian law, **EMGS'** shareholders have a preferential right to subscribe to issues of new shares. The preferential rights to subscribe to an issue may be waived by a resolution in a general meeting passed by the same vote required to approve amendments to the Articles of Association. A waiver of the shareholders' preferential rights in respect of bonus issues requires the approval of all outstanding shares, irrespective of class.

The general meeting may, with a vote as required for amendments to the Articles of Association, authorise the Board of Directors to issue new shares, and to waive the preferential rights of shareholders in connection with such issuances. Such authorisation may be effective for a maximum of two years, and the par value of the shares to be issued may not exceed 50% of the registered nominal share capital when the authorisation is registered.

Under Norwegian law, bonus shares may be issued, subject to shareholder approval, by transfer from **EMGS'** distributable equity or from its share premium reserve. Any bonus issues may be effectuated either by issuing shares or by increasing the par value of the shares outstanding.

To issue shares to holders who are citizens or residents of the United States upon the exercise of preferential rights, **EMGS** may be required to file a registration statement in the United States under United States securities laws. If **EMGS** decides not to file a registration statement, such holders may not be able to exercise their preferential rights and in such event would be required to sell such rights to eligible Norwegian persons or other eligible non-U.S. holders to realise the value of such rights.

12.17 Shareholder Vote on Certain Reorganisations

A decision to merge with another company or to demerge requires a resolution of the shareholders passed by two-thirds of the aggregate votes cast at a general meeting. A merger plan or demerger plan signed by the board of directors along with certain other required documentation, would have to be sent to all shareholders at least one month prior to the shareholders' meeting.

12.18 Legal constraints on the distribution of dividends

Under Norwegian law, no interim dividends may be paid in respect of a financial period as to which audited financial statements have not been approved by the Annual General Meeting of shareholders. Any proposal to pay a dividend must be recommended or accepted by the Board of Directors and approved by the shareholders at a General Meeting. The shareholders may vote to reduce (but not to increase) the dividends proposed by the board of directors.

Dividends in cash or in kind are payable only out of (i) the annual profit according to the adopted income statement for the last financial year, (ii) retained profit from previous years, and (iii) distributable reserves, after deduction of (a) any uncovered losses, (b) the book value of research and development, (c) goodwill, (d) net deferred tax assets recorded in the balance sheet for the last financial year, the aggregate value of any treasury shares that the company has purchased or been granted security over during the preceding financial years, (f) any credit or security given pursuant to sections 8-7 to 8-9 of the Norwegian Public Limited Companies Act and provided always that such distribution is compatible with good and prudent business practice with due regard to any losses which may have occurred after the last balance sheet date or which may be expected to occur. The company cannot distribute any dividends if the equity, according to the balance sheet, amounts to less than 10% of the total balance sheet without following the procedure for capital decrease with two months' creditor notice period.

The Board of Directors will consider the amount of dividend (if any) to recommend for approval by the Company's shareholders, on an annual basis, based upon the earnings of the company for the years just ended and the financial situation of the company at the relevant point in time. Hence, the shareholders do not have an absolute entitlement to share in the Company's profits.

Under Norwegian foreign exchange controls currently in effect, transfers of capital to and from Norway are not subject to prior governmental approval. However, all payments to and from Norway shall be registered with the Norwegian Currency Registry. Such registration is made by the entity performing the transaction. Further, each physical transfer of payments in currency shall be notified to the Norwegian customs. Consequently, a non-Norwegian resident may receive dividend payments without Norwegian exchange control consent if such payment is made through a licensed bank.

The Norwegian Public Limited Liability Companies Act does not provide for any time limit after which entitlement to dividends lapses.

All shareholders that are shareholders at the time the General Meeting makes its resolution are entitled to dividend.

12.19 Procedure for dividend payments

Any potential future payments of dividends on the Shares will be denominated in NOK, and will be paid to the shareholders through the VPS. Payment to investors registered in the VPS whose address is outside Norway will be conducted by the Company's registrar (DNB Registrar's Department) based on information received from the VPS. Investors with an address outside Norway who have registered a valid bank account with the VPS will receive the dividend payment to the registered bank account while investors who have not registered a bank account with the VPS will receive the dividend payment as a check mailed to the address that the investor has registered in the VPS.

12.20 Related Party Transactions

Under Norwegian law, an agreement between **EMGS** and a shareholder, the shareholder's parent, a director of **EMGS** or the general manager of **EMGS**, or any connected person to the shareholder or the shareholder's parent, which involves consideration from the company in excess of 1/20th of the Company's share capital at the time of such agreement is not binding on the Company unless the agreement has been approved by a General Meeting. Certain exemptions may apply, e.g. business agreements in the normal course of the Company's business containing pricing and other terms and conditions which are normal for such agreements, as well as the purchase of securities at a price which is in accordance with the official quotation. Any performance of an agreement which is not binding on the Company must be reversed.

12.21 Minority Rights

Norwegian law contains a number of protections for minority shareholders against oppression by the majority, including but not limited to those described in this and preceding paragraphs. Any shareholder may petition the courts to have a decision of its general meeting declared invalid inter alia on the grounds that it unreasonably favors certain shareholders or third parties to the detriment of other shareholders or the company itself. In certain circumstances shareholders may require the courts to dissolve the company as a result of such decisions. Minority shareholders holding 5% or more of **EMGS'** share capital have a right to demand in writing that it hold an extraordinary general meeting to discuss or resolve specific matters. In addition, any shareholder may in writing demand that **EMGS** place an item on the agenda for any shareholders' meeting if it is notified to the Board of Directors at least 7 days before the deadline to call for the shareholders' meeting together with a proposal for resolution or an explanation as to why the item is to be placed on the agenda. If the notice has been issued when such a written demand is presented, a renewed notice must be issued if at least 21 days remain before the shareholders' meeting is to be held.

12.22 Mandatory Bid Requirement

Norwegian law imposes mandatory bid requirements. For further details, see Section 15 "Securities trading in Norway" below.

12.23 Compulsory Acquisition

Norwegian law provides a shareholder who, directly or via subsidiaries, acquires shares representing more than 90% of the total number of issued shares as well as more than 90% of the total voting rights of a company, the right to effect a compulsory acquisition for cash of any shares not already owned by the majority shareholder. For further details, see Section 15.9 "Securities Trading in Norway—Compulsory acquisition" below.

12.24 Rights of Redemption and Repurchase of Shares

The share capital may be reduced by reducing the par value of the shares or by cancelling the issued shares. Such a decision requires the approval of two-thirds of the votes cast at a general meeting. Redemption of individual shares requires the consent of the holders of the shares to be redeemed.

A Norwegian company may purchase its own shares if an authorisation for the board of directors of the company to do so has been given by a general meeting with the approval of at least two-thirds of the aggregate number of votes cast at the meeting. The aggregate par value of treasury shares so acquired and held by the company must not exceed 10% of the company's share capital, and treasury shares may only be acquired if the company's distributable equity, according to the latest adopted balance sheet, exceeds the consideration to be paid for the shares. The authorisation by the general meeting cannot be given for a period exceeding 24 months.

12.25 Liability of Directors

Members of the Board of Directors owe a fiduciary duty to the company and its shareholders. Such fiduciary duty requires that the Board Members act in the best interests of **EMGS** when exercising their functions and exercise a general duty of loyalty and care towards **EMGS**. Their principal task is to safeguard the interests of the Company.

Members of the Board of Directors may each be held liable for any damage they negligently or willfully cause **EMGS**. Norwegian law permits the general meeting to exempt any such person from liability, but the exemption is not binding if substantially correct and complete information was not provided at the general meeting when the decision was taken. If a resolution to grant such exemption from liability or not to pursue claims against such a person has been passed by a general meeting with a smaller majority than that required to amend **EMGS'** Articles of Association, shareholders representing more than 10% of the share capital or, if there are more than 100 shareholders, more than 10% of the shareholders may pursue the claim on **EMGS'** behalf and in its name. The cost of any such action is not **EMGS'** responsibility, but can be recovered from any proceeds it receives as a result of the action. If the decision to grant an exemption from liability or not to pursue claims is made by such a majority as is necessary to amend the Articles of Association, the minority shareholders cannot pursue the claim in **EMGS'** name.

12.26 Indemnification of Directors and Officers

Neither Norwegian law nor the Articles of Association contain any provision concerning indemnification by **EMGS** of the Board of Directors. However, as of the date of this Prospectus, **EMGS** has a Directors and Officers liability insurance program for its Board of Directors.

12.27 Distribution of Assets on Liquidation

Under Norwegian law, a company may be wound-up by a resolution of the company's shareholders in a general meeting passed by two-thirds of the aggregate votes cast at the meeting. The shares rank equally in the event of a return on capital by the company upon a winding-up or otherwise.

13. REGULATORY, ENVIRONMENTAL, HEALTH AND SAFETY MATTERS

EMGS is committed to excellence in the management of all environmental requirements and associated obligations. **EMGS** has developed environmental standards by reference to international requirements and best practices. The responsibility for achieving these standards is allocated among various **EMGS** personnel, including certain managers. **EMGS** monitors its performance to ensure that its environmental standards are met.

The use of **EMGS'** offshore technology and associated activities are subject to extensive regulation. It is subject to international conventions and codes, and regional, national, state and local laws and regulations in force where it may operate, including those governing the discharge, emission, release or disposal of materials into the environment or otherwise relating to environmental protection. Compliance with such laws can be difficult and violation thereof can carry substantial civil and criminal penalties. Some laws relating to protection of the environment may in certain circumstances impose strict liability for environmental contamination or harm to protected species, rendering a person liable for environmental damages and cleanup costs without regard to fault. Other laws may restrict or even prohibit exploration in activities in sensitive areas such as marine sanctuaries and coral reefs. These regulatory burdens increase **EMGS'** cost of doing business and affect its profitability.

In addition, environmental laws are often subject to frequent changes, and the imposition of new and more stringent requirements, including limits on greenhouse gas emissions, could have a material adverse effect upon **EMGS'** capital expenditures, earnings or competitive position, including the suspension or cessation of services in affected areas. As such, there can be no assurance that material cost and liabilities will not be incurred in the future. **EMGS** will be required to maintain operating standards for all its vessels and exploration activities that emphasize operational safety, quality maintenance, continuous training and compliance with national and international regulations.

The International Maritime Organisation (the "**IMO**") is the United Nations agency responsible for maritime safety and prevention of pollution by ships. The IMO has, over the last several decades, developed a body of conventions that seek to improve safety and security, and to prevent marine pollution. These international conventions are generally codified into the domestic law of, and may therefore be enforced by, each country that is party to the convention.

IMO conventions include the International Convention for Safety of Life at Sea ("**SOLAS**"), amendments to SOLAS implementing the International Ship and Port Facility Security Code ("**ISPS Code**") and the International Management Code for the Safe Operation of Ships and for Pollution Prevention (the "**ISM Code**"), the International Convention for the Prevention of Pollution from Ships, 73/77 ("**MARPOL**") and the International Convention on the Control of Harmful Anti-Fouling Systems on Ships.

SOLAS and other IMO regulations concerning safety, including those relating to training of shipboard personnel, lifesaving appliances, radio equipment and the global maritime distress and safety system, are applicable to the vessels **EMGS** charters. Non-compliance with IMO regulations, including SOLAS, the ISM Code and ISPS, or the specific requirements for vessels under national implementing regulations may subject the Company to increased costs and result in the denial of access to or detention in some ports of the vessels **EMGS** charters. For example, the U.S. Coast Guard and European Union authorities have indicated that vessels not in compliance with the ISM Code will be prohibited from trading in U.S. and European Union ports.

MARPOL is the principal international convention governing marine pollution prevention and response. MARPOL was adopted in an effort to eliminate intentional pollution of the marine environment by oil and other harmful substances and to minimise accidental discharges of such substances. Technical standards are set forth in six

annexes that deal with the prevention of pollution by oil (Annex I), noxious liquid substances (Annex II), harmful substances in packaged form (Annex III), sewage (Annex IV), garbage (Annex V), and air emissions (Annex VI).

Increasingly, various regions are adopting additional, unilateral requirements on the operation of vessels in their territorial waters. These regulations, as described below, apply to **EMGS'** vessels and services when they are deployed in such regions' waters and can increase the costs of operating and maintaining the vessels while increasing the potential liabilities associated with spills, releases of oil or other materials or violations of the applicable requirements. Some of these regulations are briefly described below. Prospective investors should, however, note that the below is not meant as an exhaustive description of all regulatory, environmental and health and safety matters relevant for the Group and its business, and that further regulations, which also may be of more importance than the regulations described, will be relevant and applicable to the Group and its business. Prospective investors are thus requested to consult their own advisers and experts with respect to any regulatory, environmental and health and safety matters relevant for the Group and its business.

13.1 European Union

Geophysical exploration in the waters of the European Union ("**EU**"), including the North Sea, are subject to regulation under national laws, EU-level directives through the national implementation of these requirements and EU regulations. These laws and regulations prescribe measures to license offshore activities, prevent pollution, protect sensitive species and habitats including coral reefs, limit exposure of workers to Electromagnetic fields ("**EMF**").

The EU's Marine Sulphur Directive contains restrictions applicable to ship operators on the maximum 162th content of marine fuels used in vessels operating in EU member states' exclusive economic zones. Under this Directive, the owners of **EMGS'** chartered vessels may need to make all required expenditures to comply with the 162th fuel content limits in the marine fuel used in the vessels in order to avoid delays or other obstructions to **EMGS'** operations. These and other related requirements may increase **EMGS'** costs of operating and may affect its financial performance.

The EU Habitats Directive established a European ecological network known as Natura 2000, which comprises "special areas of conservation", to protect certain sensitive species and habitats. The Natura 2000 network contributes to the "Emerald network" of Areas of Special Conservation Interest set up under the Bern Convention on the Conservation of European Wildlife and Natural Habitats. The Habitats Directive employs the precautionary principle of only allowing projects in the protected areas that will have no adverse effect on the integrity of the site. Certain marine sites including coral reefs have been protected under the Habitats Directive. Current and future habitat protections may limit or prohibit exploration and other activities in certain areas.

The EU EMF Directive establishes health and safety requirements and exposure limits for workers exposed to EMFs in the EU. Because the EMF Directive establishes minimum requirements, any operational costs **EMGS** may incur to comply will vary depending on the stringency of the implementing legislation in the countries and territorial waters where **EMGS** operates.

13.2 Norway

Norway has a comprehensive Health, Safety and Environmental ("**HSE**") regulatory framework applicable to geophysical exploration activities conducted in Norwegian waters. In addition, although not currently a member state of the EU, Norway is as a starting point obligated to incorporate EU HSE legislation, with the possibility of negotiating separate deadlines than those specified in the EU-level legislation, through its participation in the European Economic Area agreement.

EMGS' exploration activities are defined as petroleum activities according to the Norwegian Petroleum Activities Act. With respect to the Norwegian petroleum sector, the relevant HSE authorities, including the Petroleum Safety Authority, the Norwegian Pollution Control Authority and the Norwegian Directorate of Health, have prepared five comprehensive HSE regulations, consisting of one superior Framework HSE regulation and four supporting regulations on Management, Facilities, Operations and Information Duty respectively. The latter regulation imposes certain reporting obligations, inter alia, on emission to water and the atmosphere/air.

The regulations are issued pursuant to several Acts, most notably the Norwegian Petroleum Activities Act, the Pollution Control Act and the Product Control Act. There has been a recent shift from detailed, prescriptive regulations to goal-setting regulations in order to promote a proactive and innovative approach to safety. Thus, the Framework HSE regulation requires the responsible party to establish, follow up and further develop a management system to ensure compliance with HSE requirements. **EMGS** has prepared a HSE system that, inter alia, contains a chapter on national regulations containing references to the Norwegian Working Environment Act and various Norwegian standards and guidelines for implementation of HSE requirements, including certain HSE guidelines issued by the Norwegian Oil Industry Association and certain NORSOK standards.

EMGS' exploration activities in Norwegian waters require a specific exploration permit, which takes environmental issues into account. These permits may restrict the use of **EMGS'** technology and allow the use of a competitors' technology, including seismic exploration, in certain instances, such as where a competitor already holds an exploration permit for a specific location. The environmental implications of seabed logging are therefore first and foremost dealt with in relation to the exploration permit application.

13.3 United States

While **EMGS** does not currently own any vessels, the regulatory requirements of the Federal Water Pollution Control Act, Oil Pollution Act of 1990 and the Comprehensive Environmental Response, Compensation and Liability Act will apply to its chartered vessels and could lead to liabilities that have the potential to be material for **EMGS'** operations in the event of a spill or if the owners of the vessels **EMGS** charters fail to comply with these laws' requirements.

Other statutes that provide protection to certain marine species that may apply to **EMGS'** services include, (but are not necessarily limited to) the National Environmental Policy Act, the Coastal Zone Management Act, the Marine Protection, Research and Sanctuaries Act, the National Marine Sanctuaries Act, the Fish and Wildlife Coordination Act, the Fishery Conservation and Management Act and the National Historic Preservation Act. These laws and regulations may require a permit or other 163 authorisation before exploration commences and may limit or prohibit exploration activities in certain areas within protected zones.

Workplace safety and health on certain vessels may be subject to regulation by the Occupational Safety and Health Administration ("**OSHA**") and the U.S. Coast Guard under the Outer Continental Shelf Lands Act ("**OCSLA**"). Applicable regulations include those related to personal protective equipment, respiratory protection, hazard communication, housekeeping, lockout and tag out requirements and required lifesaving equipment. OSHA has also developed specific safety standards applicable to Electromagnetic radiation exposure. OSHA and the U.S. Coast Guard enforce their respective regulations by inspecting vessels, usually unannounced.

Exploration activities in the Gulf of Mexico are subject to the OCSLA, which is administered by the Bureau of Ocean Energy Management ("**BOEM**"), the Bureau of Safety and Environmental Enforcement ("**BSEE**"), and the Office of Natural Resources Revenue. **EMGS** may be required either to obtain a permit from the BOEM and or BSEE prior to the commencement of offshore exploration in the Gulf of Mexico or to provide notice pursuant to a lease that its customers may hold for exploration of offshore areas. Any denials of **EMGS'** permit applications

or notices to conduct geophysical exploration by BOEM and or BSEE could limit **EMGS'** exploration activity. In addition, restrictions on Electromagnetic emissions in eleven U.S. military warning areas and five water test areas that are located in the Gulf of Mexico may limit **EMGS'** exploration opportunities.

13.4 Other regions

EMGS operates inter alia in Canada, Australia and Brazil with their own set of detailed environmental and regulatory systems.

Other regions in which **EMGS** operates have offshore environmental regulatory systems that are less developed than the current U.S. or EU regulatory systems. These systems could impose obligations, limits or prohibitions on exploration activities, including possible **EMGS** activities in their territorial waters. These obligations, limits and prohibitions may increase **EMGS'** costs of operation. Compliance with new requirements may require significant expenditures on **EMGS** which may not be able to be passed on to customers. However, these requirements would apply to the industry as a whole and should also affect **EMGS'** competitors.

13.5 Future regulations

Additional conventions, laws, and regulations may be adopted that could limit **EMGS'** ability (or its chartered vessel operator's ability) to do business or increase its costs of doing business, and which may have a material effect on **EMGS'** operations. **EMGS'** management believes the heightened environmental and quality concerns of insurance underwriters, regulators, and charterers will impose greater inspection and safety requirements on all vessels, including the vessels that **EMGS** charters. Please also see Section 2 "Risk factors".

14. EXCHANGE CONTROLS

There are currently no foreign exchange control restrictions in Norway that would potentially restrict the payment of dividends to a shareholder outside Norway, as long as the payment is made through a licensed bank. Further, there are currently no restrictions that would affect the right of shareholders of a Norwegian company who are not residents in Norway to dispose of their shares and receive the proceeds from a disposal outside Norway. There is no maximum transferable amount either to or from Norway, although transferring banks are required to submit reports on foreign currency exchange transactions into and out of Norway into a central data register maintained by the Norwegian customs and excise authorities. The Norwegian police, tax authorities, customs and excise authorities, the National Insurance Administration and the Norwegian Financial Supervisory Authority have electronic access to the data in this register.

15. SECURITIES TRADING IN NORWAY

As a company listed on Oslo Børs, **EMGS** is subject to certain duties to inform the market under the Stock Exchange Regulations, and the insider trading regulation of Chapter 3 of the Securities Trading Act. Furthermore, the Company is subject to Norwegian securities regulations and supervision by the relevant Norwegian authorities.

15.1 Trading and settlement

Trading of equities on Oslo Børs/Oslo Axess is carried out in the electronic trading system Millennium Exchange. This trading system is in use by all markets operated by the London Stock Exchange as well as by the Borsa Italiana and the Johannesburg Stock Exchange. Official trading on Oslo Børs/Oslo Axess takes place between 09:00 CET and 16:20 CET each trading day, with a pre-trade period between 08:15 CET and 09:00 CET, a closing auction between 16:20 CET and 16:25 CET and a post-trade period from 16:25 CET to 17:30 CET. The settlement period for trading on Oslo Børs/Oslo Axess is two trading days (T+2).

Investment services in Norway may only be provided by Norwegian investment firms holding a license under the Norwegian Securities Trading Act, branches of investment firms from a member state of the European Economic Area (the “EEA”), or investment firms from outside the EEA that have been licensed to operate in Norway. Investment firms in an EEA member state may also provide cross-border investment services into Norway.

It is possible for investment firms to undertake market-making activities in shares listed in Norway if they have a license to this under the Norwegian Securities Trading Act, or, in the case of investment firms in an EEA member state, a license to carry out market-making activities in their home jurisdiction. Such market-making activities will be governed by the regulations of the Norwegian Securities Trading Act relating to brokers’ trading for their own account. Such market-making activities do not as such require notification to the Norwegian Financial Supervisory Authority or Oslo Børs, except for the general obligation of investment firms that are members of Oslo Børs to report all trades in stock exchange listed securities.

15.2 Information, control and surveillance

Under Norwegian law, Oslo Børs is required to perform a number of surveillance and control functions. The Surveillance and Corporate Control unit of Oslo Børs monitors all market activity on a continuous basis. Market surveillance systems are largely automated, promptly warning department personnel of abnormal market developments.

Under Norwegian law, implementing the EU Market Abuse Directive, a company that is listed on a Norwegian regulated market, or that is subject to the application for listing on such market, must promptly release any inside information (i.e., precise information about financial instruments, the issuer thereof, or other matters that are likely to have a significant effect on the price of the relevant financial instruments or related financial instruments, and that are not publicly available or commonly known in the market). A company may, however, delay the release of such information in order not to prejudice its legitimate interests, provided that it is able to ensure the confidentiality of the information and that the delayed release would not be likely to mislead the public. Oslo Børs may levy fines on companies violating these requirements.

15.3 The VPS and transfer of shares

The Company’s Shareholder register is operated through the VPS. The VPS is the Norwegian paperless centralised securities register. It is a computerised bookkeeping system in which the ownership of, and all transactions

relating to, Norwegian listed shares must be recorded. The VPS and Oslo Børs are both wholly owned by Oslo Børs VPS Holding ASA.

All transactions relating to securities registered with the VPS are made through computerised book entries. No physical share certificates are, or may be, issued. The VPS confirms each entry by sending a transcript to the registered shareholder irrespective of any beneficial ownership. To give effect to such entries, the individual shareholder must establish a share account with a Norwegian account agent. Norwegian banks, Norges Bank (that is, Norway's central bank), authorised securities brokers in Norway and Norwegian branches of credit institutions established within the EEA are allowed to act as account agents.

The entry of a transaction in the VPS is *prima facie* evidence in determining the legal rights of parties as against the issuing company or any third party claiming an interest in the given security. A transferee or assignee of shares may not exercise the rights of a shareholder with respect to such shares unless such transferee or assignee has registered such shareholding or has reported and shown evidence of such share acquisition, and the acquisition is not prevented by law, by the relevant company's general meeting, or otherwise.

The VPS is liable for any loss suffered as a result of faulty registration or an amendment to, or deletion of, rights in respect of registered securities unless the error is caused by matters outside the VPS's control, of which the VPS could not reasonably be expected to avoid or overcome the consequences. Damages payable by the VPS may, however, be reduced in the event of contributory negligence by the aggrieved party.

The VPS must provide information to the Norwegian FSA on an on-going basis, as well as any information that the Norwegian Financial Supervisory Authority requests. Further, Norwegian tax authorities may require certain information from the VPS regarding any individual's holdings of securities, including information about dividends and interest payments.

15.4 Share register

Under Norwegian law shares are registered in the name of the owner of the shares. As a general rule, there are no arrangements for nominee registration. However, shares may be registered with VPS in the name of a depositary (bank or other nominee) approved by the Norwegian Financial Supervisory Authority, to act as nominee for Non-Norwegian shareholders. An approved and registered nominee has a duty to provide information on demand about beneficial shareholders to the company and to the Norwegian authorities. In the case of registration by nominees, registration with VPS must show that the registered owner is a nominee. A registered nominee has the right to receive dividends and other distributions but cannot vote at general meetings on behalf of the beneficial owners. Beneficial owners must register with VPS or provide other sufficient proof of their ownership to the shares in order to vote at general meetings.

15.5 Foreign investment in Norwegian shares

Non-Norwegian investors may trade shares listed on Oslo Børs through any broker that is a member of Oslo Børs, whether Norwegian or Non-Norwegian.

15.6 Disclosure obligations

A person, entity or group acting in concert that acquires shares, options for shares or other rights to shares (i.a. convertible loans or subscription rights) resulting in its beneficial ownership, directly or indirectly, in the aggregate meeting or passing of the respective thresholds of 5%, 10%, 15%, 20%, 25%, 1/3, 50%, 2/3 or 90% of the share capital or the voting rights in the Company has an obligation under Norwegian law to notify Oslo Børs

immediately. The same applies to disposal of shares, option for shares etc., resulting in a beneficial ownership, directly or indirectly, in the aggregate meeting or falling below said thresholds.

The reporting obligations will also apply if the thresholds are reached or passed as a result of events changing the relative ownership or voting stake by “passive” means e.g. if a company is increasing its share capital and thereby causes an existing shareholder not participating in the capital increase to be diluted.

15.7 Insider trading

According to Norwegian law subscription for, purchase, sale or exchange of shares which are listed or in respect of which a listing application has been submitted or incitement to such dispositions, must not be undertaken by anyone who has inside information, as defined in section 3-2 of the Norwegian Securities Trading Act.

The same applies to entry into, purchase, sale or exchange of option or futures/forward contracts or equivalent rights connected with such shares or incitement to such disposition.

15.8 Mandatory offer requirement

Pursuant to the Securities Trading Act, any person, entity, or group acting in concert that acquires shares representing more than 1/3 (with a repeated obligation at 40% and at 50%) of the voting rights of a Norwegian company whose shares are listed on Oslo Børs or Oslo Axess is obliged to make an unconditional general offer for the purchase of the remaining shares in the company within four weeks or, within the same period, dispose of a number of voting shares which brings the percentage of voting rights down to or below 1/3.

The shareholder must, immediately upon reaching any of the said thresholds, notify the Company and Oslo Børs accordingly and of whether it will make a mandatory offer or perform a sell-down. A notice informing about a disposal can be altered to a notice of making an offer within the four-week period, while a notice stating that the shareholder will make an offer cannot be amended and is thus binding. The mandatory offer obligation ceases to apply if the person, entity, or consolidated group notifies the Company and Oslo Børs of its decision to sell down and then sells the portion of the shares that exceeds the relevant threshold within four weeks of the date on which the mandatory offer obligation was triggered.

An offer is subject to approval by Oslo Børs before submission of the offer to the shareholders or made public. The offer price per share must be at least as high as the highest price paid or agreed to be paid by the offeror in the six-month period prior to the date the 1/3 threshold was exceeded, but at least equal to the market price, if it is clear that the market price was higher when the mandatory offer obligation was triggered. Note, however, that the EFTA court in a statement dated 10 December 2010 has concluded that the “market price” alternative is not in compliance with EU regulations. Consequently, there is currently doubt as to the legal validity of this alternative. If the acquirer acquires or agrees to acquire additional shares at a higher price prior to the expiration of the mandatory offer period, the acquirer is obliged to restate its offer at such higher price. A mandatory offer must be unconditional and in cash (NOK), but it may contain a consideration alternative at least equivalent to the cash consideration offered. Until an offer has been made or a disposal completed, the shareholder will have no voting rights or other rights relating to the shares exceeding the offer threshold, apart from the right to receive dividends and pre-emption rights in the event of a share capital increase. In case of the failure to make a mandatory offer or to sell the portion of the shares that exceeds the relevant threshold within four weeks, the Oslo Børs may force the acquirer to sell the shares exceeding the threshold by public auction.

Any person, entity, or consolidated group that has passed any of the above mentioned thresholds in such a way as not to trigger the mandatory bid obligation, and that has therefore not previously made an offer for the

remaining shares in the company in accordance with the mandatory offer rules is, as a main rule, obliged to make a mandatory offer in the event of a subsequent acquisition of shares in the company.

The Company has not received any takeover bids or bids to acquire controlling interest during the last 12 months.

15.9 Compulsory acquisition

Pursuant to the Norwegian Public Limited Liability Companies Act and the Securities Trading Act, a shareholder who, directly or through subsidiaries, acquires shares representing 90% or more of the total number of issued shares in a Norwegian public limited liability company, as well as 90% or more of the total voting rights, has a right, and each remaining minority shareholder of the company has a right to require such majority shareholder, to effect a compulsory acquisition for cash of the shares not already owned by such majority shareholder. Through such compulsory acquisition, the majority shareholder becomes the owner of the remaining shares with immediate effect.

A majority shareholder who effects a compulsory acquisition is required to offer the minority share holders a specific price per share, the determination of which is at the discretion of the majority shareholder. Should any minority shareholder not accept the offered price, such a minority shareholder may, within a specified deadline not to be of less than two months' duration, request that the price be set by the Norwegian courts. Absent such request or other objection to the price being offered, the minority shareholders would be deemed to have accepted the offered price after the expiry of the two-month deadline.

In event a shareholder, directly or through subsidiaries, exceeds the 90% threshold by way of a mandatory offer in accordance with the Securities Trading Act, and a compulsory acquisition is resolved within three months, then the share price in the compulsory acquisition shall be equal to the price in the mandatory offer if no special circumstances call for a different price. Further, if the 90% threshold is exceeded by way of a voluntary offer, the compulsory acquisition may, subject to the following conditions, be carried out without such shareholder being obliged to make a mandatory offer: (i) the compulsory acquisition is commenced no later than four weeks after the acquisition of shares through the voluntary offer, (ii) the price offered per share is equal to or higher than what the offer price would have been in a mandatory offer, and (iii) the settlement is guaranteed by a financial institution according to the rules for mandatory offers.

16. NORWEGIAN TAXATION

Set out below is a summary of certain Norwegian tax considerations relevant to the acquisition, ownership and disposition of shares in the Company by investors residents of Norway for purposes of Norwegian taxation. The summary regarding Norwegian taxation is based on Norwegian laws, rules, and regulations as they exist in force in Norway as of the date of this Prospectus. Such laws, rules and regulations may be subject to changes after this date possibly on a retroactive basis. The summary does not address foreign tax laws.

As will be evident from the description, the taxation will differ depending on whether the investor is a limited liability company or a natural person.

The tax rate on ordinary income is 23% and the effective tax rate on dividends received by natural persons resident in Norway is 30.59%. The net wealth tax rate is 0.85%.

The following summary is of a general nature and does not purport to be a comprehensive description of all the Norwegian tax considerations that may be relevant for a decision to acquire, own or dispose of Shares. Shareholders who wish to clarify their own tax situation should consult with and rely upon their own tax advisers. Shareholders resident in jurisdictions other than Norway and shareholders who cease to be resident in Norway for tax purposes (due to domestic tax law or tax treaty) should specifically consult with and rely upon their own tax advisers with respect to the tax position in their country of residence and the tax consequences related to ceasing to be resident in Norway for tax purposes.

Please note that for the purpose of the summary below, a reference to a Norwegian or Non-Norwegian shareholder refers to the tax residency rather than the nationality of the shareholder.

16.1 Norwegian shareholders

16.1.1 Taxation of dividends

Norwegian Individual Shareholders

Dividends received by Norwegian shareholders, who are natural persons ("**Norwegian Individual Shareholders**") are in general tax liable to Norway for their worldwide income. Dividends distributed to Norwegian Individual Shareholders are taxed at a rate of 23% (2018), but the tax base is adjusted upwards by a factor of 1.33, thus implying an effective tax rate of 30.59% (2018).

However, only dividend exceeding a statutory tax-free allowance (Norwegian: skjermingsfradrag) are taxable.

The allowance is calculated on a share-by-share basis. The allowance for each share is equal to the cost price of the share multiplied by a determined risk-free interest rate based on the effective rate after tax of interest on treasury bills (Norwegian: statskasserveksler) with three months' maturity with an addition of 0.5 percentage points. The Norwegian Directorate of Taxes announces the risk free-interest rate in January the year after the income year. The risk-free interest rate for 2017, was 0.7%. The risk-free interest rate for 2018 will be published mid January 2019.

The allowance is allocated to the Norwegian Individual Shareholders owning the share on 31 December in the relevant income year. Norwegian Individual Shareholders who transfer shares during an income year will thus not be entitled to deduct any calculated allowance related to the year of transfer.

Any part of the calculated allowance one year exceeding the dividend distributed on the share ("**Excess Allowance**") may be carried forward and set off against future dividends received on, or gains upon realisation of, the same share. Furthermore, Excess Allowance can be added to the cost price of the share and included in the basis for calculating the allowance on the same share the following year.

The repayment of paid-up share capital and paid-up share premium of each share is not regarded as dividend for tax purposes and thus not subject to tax. Such repayment will lead to a reduction of the tax input value of the shares corresponding to the repayment.

Norwegian Corporate Shareholders

Dividends received by shareholders that are limited liability companies (and certain similar entities) resident in Norway for tax purposes ("**Norwegian Corporate Shareholders**") are generally exempt from tax on dividends received on shares in Norwegian limited liability companies, pursuant to the participation exemption (Norwegian: *Fritaksmetoden*). However, 3% of dividend income is generally deemed taxable as general income at a flat rate of 23%, implying that dividends distributed from the Company to Norwegian Corporate Shareholders are effectively taxed at a rate of 0.69% (2018).

The repayment of paid-up share capital and paid-up share premium of each share is not regarded as dividend for tax purposes and thus not subject to tax.

16.1.2 Taxation of capital gains on realisation of shares

Norwegian Individual Shareholders

Sale, non-proportionate redemption, or other disposals of shares is considered as realisation for Norwegian tax purposes. A capital gain or loss generated by a Norwegian Individual Shareholder through realisation of shares is taxable or tax deductible in Norway. Such capital gain or loss is included in or deducted from the shareholder's ordinary income in the year of disposal. Ordinary income is taxable at a rate of currently 23% (2018). The tax base is adjusted upwards by a factor of 1.33, thus implying an effective tax rate of 30.59% (2018).

The gain is subject to tax and the loss is tax deductible irrespective of the duration of the ownership and the number of shares disposed of.

The taxable gain/deductible loss is calculated per share, as the difference between the received consideration for the share and the Norwegian Individual Shareholder's cost price of the share, including any costs incurred in relation to the acquisition or realisation of the share. From this capital gain, Norwegian Individual Shareholders are entitled to deduct a calculated allowance, provided that such allowance has not already been used to reduce taxable dividend income. Please refer to Section "Norwegian Individual Shareholders" under Section 16.1.1 "Taxation of dividends" of this Prospectus above for a description of the calculation of the allowance. The allowance may only be deducted in order to reduce a taxable gain, and cannot increase or produce a deductible loss, i.e., any unused allowance exceeding the capital gain upon the realisation of a share will be annulled.

If a Norwegian Individual Shareholder disposes shares acquired at different times, the shares that were acquired first will be deemed as first disposed, on a first-in first-out basis (the FIFO-principle).

Norwegian Corporate Shareholders

Norwegian Corporate Shareholders are generally exempt from tax on capital gains upon the realisation of shares qualifying for participation exemption, including shares in the Company. Losses upon the realisation and costs incurred in connection with the purchase and realisation of such shares are not deductible for tax purposes.

16.1.3 Taxation of Subscription Rights

Norwegian Individual Shareholders

A Norwegian Individual Shareholder's subscription for shares pursuant to a subscription right is not subject to taxation in Norway. Costs related to the subscription for the shares will be added to the cost price of the shares.

Sale and other transfer of subscription rights are considered a realisation for Norwegian tax purposes. A capital gain or loss generated by a Norwegian Individual Shareholder through a realisation of subscription rights is taxable or tax deductible in Norway. Such capital gain or loss is included in or deducted from the basis for the computation of ordinary income in the year of disposal. The ordinary income is taxable at a flat rate currently of 23%. The tax base is adjusted upwards by a factor of 1.33, thus implying an effective tax rate of 30.59% (2018).

Norwegian Corporate shareholders

A Norwegian Corporate Shareholder's subscription for shares pursuant to a subscription right is not subject to taxation in Norway. Costs related to the subscription for the shares will be added to the cost price of the shares.

Sale and other transfer of subscription rights are considered a realisation for Norwegian tax purposes. Norwegian Corporate Shareholders are exempt from tax on capital gains derived from the realisation of subscription rights qualifying for the Norwegian participation exemption. Losses upon the realisation and costs incurred in connection with the purchase and realisation of such subscription rights are not deductible for tax purposes.

16.1.4 Taxation of interest

Interests received by a bondholder/creditor resident in Norway for Norwegian tax purposes ("**Norwegian Bond Holders**") on bonds or other debt securities issued by the Company is subject to general income tax in Norway at a rate of 23%. A capital gain on redemption or realisation of the bond, e.g. by way of conversion to equity, is subject to general income tax in Norway at a rate of 23%.

16.1.5 Net wealth tax

The value of shares and subscription rights is included in the basis for the computation of net wealth tax imposed on Norwegian Individual Shareholders. The marginal wealth tax rate is 0.85% of the value assessed. The value for assessment purposes for listed shares is 80% of their quoted value on 1 January in the assessment year (i.e. the year following the relevant fiscal year). The value of debt allocated to the listed shares for Norwegian wealth tax purposes is reduced correspondingly (i.e. to 80 %).

If the bonds issued by the Company are registered in a securities register their value for assessment purposes will be the listed value as of 1 January in the year of assessment; if such listed value is unknown, the value for assessment purposes will be the estimated market value of the bonds as of 1 January in the year of assessment, and subscription rights is equal to the listed value as of 1 January in the year of assessment (i.e. the year following the relevant fiscal year).

Norwegian Corporate Shareholders are not subject to net wealth tax.

16.2 Non-Norwegian shareholders

16.2.1 Taxation of dividends

Non-Norwegian Individual Shareholders

Dividends distributed to Non-Norwegian Shareholders who are natural persons ("**Non-Norwegian Individual Shareholders**") are, as a general rule, subject to withholding tax at a rate of 25%. The withholding tax rate of 25% is normally reduced through tax treaties between Norway and the country in which the shareholder is resident. Norway has entered into tax treaties with more than 80 countries. In most tax treaties, the withholding tax rate is reduced to 15%.

The withholding obligation lies with the company distributing the dividends and the Company assumes this obligation. In accordance with the present administrative system in Norway, the Norwegian distributing company will normally withhold tax at the regular rate or reduced rate according to an applicable tax treaty, based on the information registered with the VPS with regard to the tax residence of the Non-Norwegian Shareholder. Dividends paid to Non-Norwegian Individual Shareholders in respect of nominee-registered shares will be subject to withholding tax at the general rate of 25% unless the nominee, by agreeing to provide certain information regarding beneficial owners, has obtained approval for a reduced or zero rate from the Central Office for Foreign Tax Affairs ("**COFTA**") (Norwegian: *Sentralskattekontoret for utenlandssaker*).

If a Non-Norwegian Individual Shareholder is carrying on business activities in Norway and the shares are effectively connected with such business activities, the shareholder will be subject to the same taxation of dividends as a Norwegian Individual Shareholder, as described above.

Non-Norwegian Individual Shareholders who have suffered a higher withholding tax than set out in an applicable tax treaty may apply individually to the Norwegian tax authorities for a refund of the excess withholding tax deducted. The application is to be filed with COFTA.

Non-Norwegian Corporate Shareholders

Dividends distributed to shareholders that are limited liability companies not resident in Norway for tax purposes ("**Non-Norwegian Corporate Shareholders**") are, as a general rule, subject to withholding tax at a rate of 25%. The withholding tax rate of 25% is normally reduced through tax treaties between Norway and the country in which the shareholder is resident.

Dividends distributed to Non-Norwegian Corporate Shareholders resident within the EEA for tax purposes are exempt from Norwegian tax provided that the shareholder is the beneficial owner of the shares and that the shareholder in fact is genuinely established and performs genuine economic business activities within the relevant EEA jurisdiction.

If the Non-Norwegian Corporate Shareholder holds the shares in connection with business activities in Norway, the shareholder will be subject to the same taxation as a Norwegian Corporate Shareholders, as described above.

Non-Norwegian Corporate Shareholders who have suffered a higher withholding tax than set out in an applicable tax treaty may apply to the Norwegian tax authorities for a refund of the excess withholding tax withheld.

Nominee registered shares will be subject to withholding tax at a rate of 25% unless the nominee has obtained approval from the Norwegian Directorate of Taxes for the dividend to be subject to a lower withholding tax rate. To obtain such approval the nominee is required to file a summary to the tax authorities including all beneficial owners that are subject to withholding tax at a reduced rate. The application is to be filed with COFTA.

The withholding obligation in respect of dividends distributed to Non-Norwegian Corporate Shareholders and on nominee registered shares lies with the company distributing the dividends and the Company assumes this obligation.

Non-Norwegian Individual Shareholders tax-resident within the EEA

Foreign Shareholders who are natural persons' tax-resident within the EEA ("**Foreign EEA Individual Shareholders**") are upon request entitled to a refund of an amount corresponding to the calculated statutory tax-free allowance in respect of each individual share (please see "Taxation of dividends – Norwegian Individual Shareholders" above). However, the deduction for the tax-free allowance does not apply in the event that the withholding tax rate, pursuant to an applicable tax treaty, leads to a lower taxation on the dividends than the withholding tax rate of 25% less the tax-free allowance. The shareholder shall pay the lesser amount of (i) withholding tax according to the rate in an applicable tax treaty or (ii) withholding tax at 25% of taxable dividends after allowance. Foreign EEA Individual Shareholders may carry forward any unused allowance, if the allowance exceeds the dividends.

16.2.2 Taxation of capital gains on realisation of shares*Non-Norwegian Individual Shareholders*

Gains from the sale or other disposals of shares in the Company by a Non-Norwegian Individual Shareholder will not be subject to taxation in Norway unless (i) the Non-Norwegian Individual Shareholder holds the shares in connection with business activities carried out in or managed from Norway or (ii) the shares are held by a natural person who previously has been a resident of Norway for tax purposes with unsettled/postponed exit tax calculated on the shares at the time of cessation as Norwegian tax resident.

Non-Norwegian Corporate Shareholders

Capital gains derived from the sale or other type of realisation of shares in the Company by Non-Norwegian Corporate Shareholders are not subject to taxation in Norway unless the Non-Norwegian Corporate Shareholder holds the shares in connection with business activities carried out in or managed from Norway.

16.2.3 Taxation of Subscription Rights

A Non-Norwegian Shareholder's subscription for shares pursuant to a subscription right is not subject to taxation in Norway.

Capital gains derived by the sale or other transfer of subscription rights by Non-Norwegian Shareholders are not subject to taxation in Norway unless the Non-Norwegian Shareholder holds the subscription rights in connection with business activities carried out or managed from Norway. Such taxation may be limited according to an applicable tax treaty or other specific regulations.

16.2.4 Taxation of interest

As a general rule, interest received by a bondholder/creditor not resident in Norway for Norwegian tax purposes ("**Non-Norwegian Bondholder**") on bonds or other debt securities issued by the Company is not subject to general income tax or any withholding tax in Norway. An exception applies if the bonds/debt securities issued by the Company form part of the assets of a business which the Non-Norwegian Bondholder conducts or participates in, and which is performed in or managed from Norway.

There is currently no Norwegian withholding tax (Norwegian: Kildeskatt) applicable on interest payments made by an Issuer resident in Norway, or capital gains derived from redemption or realisation of debt securities. The Norwegian Ministry of Finance has previously stated that a consultation paper relating to withholding tax on interest will be submitted for consultation during the spring of 2017, later adjusted to 2018, but such consultation

paper has not yet been concluded and submitted for consultation. If such new legal rule is implemented it is expected to enter into force from the fiscal year 2019 at the earliest.

16.2.5 Net wealth tax

Shareholders not resident in Norway for tax purposes are not subject to Norwegian net wealth tax.

Non-Norwegian Individual Shareholders may, however, be taxable if the shareholding is effectively connected to the conduct of trade or business in Norway.

16.2.6 Inheritance tax

Norway does not impose inheritance tax on assignment of shares by way of inheritance or gift. If any shares of the Company are assigned by way of inheritance or gift, the tax input value of such shares on the part of the originator of such inheritance or gift will be attributed to the recipient of said inheritance or gift (based on continuity). Thus, the heir will, upon realization of the shares, be taxable for any increase in value in the donor's ownership.

16.3 VAT and transfer taxes

No VAT, stamp or similar duties are currently imposed in Norway on the transfer or issuance of shares.

17. ADDITIONAL INFORMATION**17.1 Documents on display**

For the lifetime of this Prospectus the following documents (or copies thereof) may be physically inspected at **EMGS'** principal executive office at Stiklestadveien 1, NO-7041 Trondheim, Norway:

- the memorandum and articles of association of **EMGS**;
- all reports, letters, and other documents, historical financial information, valuations and statements prepared by any expert at the issuer's request any part of which is included or referred to in the Prospectus; and
- the historical financial information of the issuer or, in the case of a group, the historical financial information for the issuer and its subsidiary undertakings for each of the two financial years preceding the publication of the registration document.

17.2 Documents incorporated by reference

The information incorporated by reference to this Prospectus should be read in conjunction with the cross-reference list as set out in the table below. Where sections of the documents listed below are not referenced under “Specification”, such sections are either irrelevant or covered elsewhere in this Prospectus.

The following documents have been incorporated hereto by reference:

<i>Section in Prospectus</i>	<i>Incorporated by reference</i>	<i>Internet site</i>	<i>Specification</i>
10.2.4, 10.5.3, 11	Electromagnetic Geoservices ASA – Annual Report 2017	http://www.newsweb.no/newsweb/searich.do?messageId=446183	Income Statement: p. 40 Balance Sheet: p. 42 Cash Flow: p. 43 Equity: p. 44 Note 2: p. 45 Note 3: p. 55 Note 6: p. 59 Note 23: p. 70 Audit report: p. 98
10.2.4, 10.5.3, 11	Electromagnetic Geoservices ASA – Annual Report 2016	http://www.newsweb.no/newsweb/searich.do?messageId=423708	Income Statement: p. 41 Balance Sheet: p. 43 Cash Flow: p. 44 Equity: p. 45 Note 2: p. 46 Note 3: p. 57 Note 6: p. 61 Note 23: p. 72 Audit report: p. 101
11	Electromagnetic Geoservices ASA – Annual Report 2015	http://www.newsweb.no/newsweb/searich.do?messageId=397636	Income Statement: p. 34 Balance Sheet: p. 36 Cash Flow: p. 37 Equity: p. 38 Note 2: p. 39 Audit report: p. 100
12.4	Electromagnetic Geoservices ASA – Minutes from Annual General Meeting 2017	http://www.newsweb.no/newsweb/searich.do?messageId=425506	Entire document
12.4	Electromagnetic Geoservices ASA – Minutes from Extraordinary General Meeting March 2018	http://www.newsweb.no/newsweb/searich.do?messageId=447526	Entire document

17.3 Statement regarding sources

The Company confirms that when information in this Prospectus has been sourced from a third party it has been accurately reproduced and as far as the Company is aware and is able to ascertain from the information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

18. SELLING AND TRANSFER RESTRICTIONS

18.1 General

The issue of the Convertible Bonds, the grant of Subscription Rights and/or issue of New Shares, upon exercise of Subscription Rights, to persons resident in, or who are citizens of countries other than Norway, may be affected by the laws of the relevant jurisdiction. Shareholders should consult their professional advisers as to whether they require any governmental or other consent or need to observe any other formalities to enable them to exercise Subscription Rights or purchase or subscribe for New Shares or Convertible Bonds.

The Company does not intend to take any action to permit a public offering of the Shares or Convertible Bonds in any jurisdiction other than Norway. Receipt of this Prospectus will not constitute an offer in those jurisdictions in which it would be illegal to make an offer and, in those circumstances, this Prospectus is for information only and should not be copied or redistributed. Except as otherwise disclosed in this Prospectus, if a Shareholder receives a copy of this Prospectus in any territory other than Norway, the Shareholder may not treat this Prospectus as constituting an invitation or offer to it, nor should the Shareholder in any event deal in the Shares or the Convertible Bonds, unless, in the relevant jurisdiction, such an invitation or offer could lawfully be made to that Eligible Shareholder, or the Subscription Rights and Shares and Convertible Bonds could lawfully be dealt in without contravention of any unfulfilled registration or other legal requirements, and such Shareholder consequently qualify as an Eligible Shareholder pursuant to the Rights Issue and/or the Convertible Bonds Issue. Accordingly, if a Shareholder receives a copy of this Prospectus, the Shareholder should not distribute or send the same, or, if such Shareholder qualifies as an Eligible Shareholder; transfer the Subscription Rights and/or Shares or Convertible Bonds to any person or in or into any jurisdiction where to do so would or might contravene local securities laws or regulations. If the Shareholder forwards this Prospectus into any such territories (whether under a contractual or legal obligation or otherwise), the Shareholder should direct the recipient's attention to the contents of this Section 18.

Except as otherwise noted in this Prospectus and subject to certain exceptions: (i) the Subscription Rights, New Shares and Convertible Bonds being granted or offered, may not be offered, sold, resold, transferred or delivered, directly or indirectly, in or into, Member States of the EEA that have not implemented the Prospectus Directive, Australia, Canada, Hong Kong, Japan, the United States, Switzerland or any other jurisdiction in which it would not be permissible to offer the Subscription Rights and/or the New Shares or the Convertible Bonds (the **"Ineligible Jurisdictions"**); (ii) this Prospectus may not be sent to any person in any Ineligible Jurisdiction; and (iii) the crediting of Subscription Rights to an account of an Ineligible Shareholder or other person in an Ineligible Jurisdiction (such other persons referred to as **"Ineligible Persons"**) does not constitute an offer to such persons of the Subscription Rights, the New Shares or the Convertible Bonds. Ineligible Persons may not exercise Subscription Rights.

If a Shareholder purports to be an Eligible Shareholder and takes up, delivers or otherwise transfers Subscription Rights, exercises Subscription Rights to obtain New Shares or trades or otherwise deals in the Subscription Rights, Shares and Convertible Bonds, that Eligible Shareholder will be deemed to have made or, in some cases, be required to make, some or all of the following representations and warranties to the Company and any person acting on the Company's or its behalf:

- (i) *the Eligible Shareholder is not located in an Ineligible Jurisdiction;*
- (ii) *the Eligible Shareholder is not an Ineligible Person;*

- (iii) the Eligible Shareholder is not acting, and has not acted, for the account or benefit of an Ineligible Shareholder or an Ineligible Person;*
- (iv) the Eligible Shareholder is located outside the United States and any person for whose account or benefit it is acting on a non-discretionary basis is located outside the United States and, upon acquiring New Shares, the Eligible Shareholder and any such person will be located outside the United States;*
- (v) the Eligible Shareholder understands that the Subscription Rights, New Shares and Convertible Bonds have not been and will not be registered under the U.S. Securities Act and may not be offered, sold, pledged, resold, granted, delivered, allocated, taken up or otherwise transferred within the United States or in a transaction not subject to, registration under the U.S. Securities Act; and*
- (vi) the Eligible Shareholder may lawfully be offered, take up, subscribe for and receive Subscription Rights, New Shares and Convertible Bonds in the jurisdiction in which it resides or is currently located.*

The Company and any persons acting on behalf of the Company will rely upon the Eligible Shareholder's representations and warranties. Any provision of false information or subsequent breach of these representations and warranties may subject the Eligible Shareholder to liability.

If a person is acting on behalf of a holder of Subscription Rights (including, without limitation, as a nominee, custodian or trustee), that person will be required to provide the foregoing representations and warranties to the Company with respect to the exercise of Subscription Rights on behalf of the holder. If such person cannot or is unable to provide the foregoing representations and warranties, the Company will not be bound to authorise the allocation of any of the Subscription Rights, New Shares and Convertible Bonds to that person or the person on whose behalf the other is acting. If an Eligible Shareholder (including, without limitation, its nominees and trustees) is outside Norway and wishes to exercise or otherwise deal in or subscribe for Subscription Rights and/or Shares or Convertible Bonds, the Eligible Shareholder must satisfy itself as to full observance of the applicable laws of any relevant territory including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such territories.

The information set out in this Section 18 is intended as a general overview only and does not cover all jurisdictions which may be relevant. If any Shareholder is in any doubt as to whether it is eligible to receive the Subscription Rights and/or subscribe for the New Shares or the Convertible Bonds, that Shareholder should consult its professional adviser without delay.

Subscription Rights will initially be credited to financial intermediaries for the accounts of all shareholders who hold **EMGS** shares registered through a financial intermediary on the Record Date. Subject to certain exceptions, financial intermediaries, which include brokers, custodians and nominees, may not exercise any Subscription Rights on behalf of any Ineligible Shareholder or any Ineligible Persons, and may be required in connection with any exercise of Subscription Rights to provide certifications to that effect.

Subject to certain exceptions, financial intermediaries are not permitted to send this Prospectus or any other information about the Rights Issue or the Convertible Bond Issue in or into any Ineligible Jurisdiction. Subject to certain exceptions, exercise instructions or certifications sent from or postmarked in any Ineligible Jurisdiction will be deemed to be invalid and the New Shares and the Convertible Bonds will not be delivered to an addressee in any Ineligible Jurisdiction. The Company reserves the right to reject any exercise (or revocation of such exercise) in the name of any person (a) who provides an address in an Ineligible Jurisdiction for acceptance,

revocation of exercise or delivery of such Subscription Rights, New Shares and Convertible Bonds, (b) who is unable to represent or warrant that such person is an Eligible Shareholder and (c) who is acting on a non-discretionary basis for such persons, or who appears to the Company or its agents to have executed its exercise instructions or certifications in, or dispatched them from, an Ineligible Jurisdiction. Furthermore, the Company reserves the right, with sole and absolute discretion, to treat as invalid any exercise or purported exercise of Subscription Rights which appears to have been executed, effected or dispatched in a manner that may involve a breach or violation of the laws or regulations of any jurisdiction.

Notwithstanding any other provision of this Prospectus, the Company reserves the right to permit a holder to exercise its Subscription Rights if the Company, at its absolute discretion, is satisfied that the transaction in question is exempt from or not subject to the laws or regulations giving rise to the restrictions in question. Applicable exemptions in certain jurisdictions are described further below. In any such case, the Company does not accept any liability for any actions that a holder takes or for any consequences that it may suffer as a result of the Company accepting the holder's exercise of Subscription Rights.

No action has been or will be taken by the Receiving Agent to permit the possession of this Prospectus (or any other offering or publicity materials or application or subscription form(s) relating to the Rights Issue or the Convertible Bond Issue) in any jurisdiction where such distribution may lead to a breach of any law or regulatory requirement.

Neither the Company nor the Receiving Agent, nor any of their respective representatives, is making any representation to any offeree, subscriber or purchaser of Subscription Rights and/or New Shares or Convertible Bonds regarding the legality of an investment in the Subscription Rights and/or the New Shares or the Convertible Bonds by such offeree, subscriber or purchaser under the laws applicable to such offeree, subscriber or purchaser. Each Eligible Shareholder should consult its own advisers before subscribing for New Shares or Convertible Bonds or purchasing Subscription Rights and/or New Shares or Convertible Bonds. Eligible Shareholders are required to make their independent assessment of the legal, tax, business, financial and other consequences of a subscription for New Shares or Convertible Bonds or a purchase of Subscription Rights and/or New Shares or Convertible Bonds.

A further description of certain restrictions in relation to the Subscription Rights, the Shares and the Convertible Bonds in certain jurisdictions is set out below.

18.2 United States

The Convertible Bonds and the Subscription Rights, including the New Shares, have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered, sold, taken up, exercised, resold, transferred or delivered, directly or indirectly, within the United States. There will be no public offer of the Subscription Rights, the New Shares and the Convertible Bonds in the United States. A notification of exercise of Subscription Rights and subscription of New Shares or Convertible Bonds in contravention of the above may be deemed to be invalid.

The Subscription Rights, New Shares and the Convertible Bonds are being offered and sold outside the United States in reliance on Regulation S under the U.S. Securities Act. Thus, this Prospectus will not be sent to any Shareholder with a registered address in the United States. In addition, the Company and the Receiving Agent reserve the right to reject any instruction sent by or on behalf of any account holder with a registered address in the United States in respect of the Subscription Rights and/or the New Shares or the Convertible Bonds.

The Subscription Rights, the New Shares and the Convertible Bonds have not been approved or disapproved by the United States Securities and Exchange Commission, any state securities commission in the United States or any other United States regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the Rights Issue or the Convertible Bond Issue or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offense in the United States.

Each person to which Subscription Rights and/or New Shares or Convertible Bonds are distributed, offered or sold outside the United States will be deemed, by its subscription or purchase of New Shares or Convertible Bonds, to have represented and agreed, on its behalf and on behalf of any Eligible Shareholder accounts for which it is subscribing for or purchasing New Shares or Convertible Bonds, as the case may be, that:

- (i) *it is acquiring the New Shares and/or Convertible Bonds as the case may be, from the Company in an “offshore transaction” as defined in Regulation S under the U.S. Securities Act; and*
- (ii) *the Subscription Rights and/or the New Shares or the Convertible Bonds have not been offered to it by the Company or the Underwriters by means of any “directed selling efforts” as defined in Regulation S under the U.S. Securities Act.*

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES (THE “RSA”) WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

18.3 EEA Selling Restrictions

In relation to each Member State of the EEA other than Norway, which has implemented the Prospectus Directive (each a “**Relevant Member State**”) delivery of Subscription Rights and/or an offer of New Shares or Convertible Bonds which are the subject of the Rights Issue or the Convertible Bond Issue contemplated by this Prospectus may not be made to the public in that Relevant Member State except that delivery of Subscription Rights and/or an offer to the public in that Relevant Member State of any New Shares or Convertible Bonds may be made at any time under the following exemptions under the Prospectus Directive, provided such exceptions have been implemented in that Relevant Member State:

- (i) *to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;*

- (ii) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than EUR 43,000,000 and (3) an annual net turnover of more than EUR 50,000,000, as shown in its last annual or consolidated accounts;*
- (iii) to fewer than 150 natural or legal persons (other than persons and investors as further defined in the Prospectus Directive) subject to obtaining the prior consent of the Receiving Agent for any such offer; or*
- (iv) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of New Shares shall result in a requirement for the publication by the Company or any Underwriter of a Prospectus pursuant to Article 3 of the Prospectus Directive.*

For the purposes of this provision, the expression an “offer to the public” in relation to any shares or Convertible Bonds in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any shares or Convertible Bonds to be offered so as to enable investors to decide to purchase or subscribe for any shares or Convertible Bonds, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Member State and the expression “Prospectus Directive” means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

18.4 Notice to Swiss Eligible Shareholders

This Prospectus is not being publicly distributed in Switzerland. Each copy of this document is addressed to a specifically named recipient and may not be passed on to third parties. The Subscription Rights or New Shares or Convertible Bonds are not being offered to the public in or from Switzerland, and neither this document, nor any other offering material in relation to the Subscription Rights or New Shares or Convertible Bonds may be distributed in connection with any such public offering.

19. DEFINITIONS OF GLOSSARY AND TERMS

In this Prospectus, the terms listed below have the following meanings:

Anti-Corruption Laws	Sections 276a, 276b and 276c of the Norwegian Criminal Act, the U.S. Foreign Corrupt Practices Act, the UK Anti-Bribery Act and other local laws and regulations
Backlog	Signed contracts for work that will be delivered in the future
Base Salary	Non-variable element of employee compensation
Board of Directors or Board	The Board of Directors of EMGS
BOEM	Bureau of Ocean Energy Management
Bond Subscription Form	The form included in Appendix B for the Convertible Bond Issue
Bond Trustee	Nordic Trustee AS, being the trustee under the Convertible Bond Issue
BSEE	Bureau of Safety and Environmental Enforcement
Capital employed ratio	The ratio of book equity to book equity plus net interest-bearing debt
CEO	Chief Executive Officer
Company	Electromagnetic Geoservices ASA
Controlled-source electromagnetic (CSEM) method	An offshore geophysical technique where a controlled energy source is used to transmit a carefully designed, low-frequency electromagnetic signal into the subsurface.
Convertible Bond Issue	The issuance by EMGS of 325,000 Convertible Bonds, each having a par value of USD 100
Convertible Bonds, each a Convertible Bond	Means the Convertible Bonds issued in the Convertible Bond Issue, each being convertible into Shares at a conversion price of USD 0.42677
CSEM modelling software	CSEM modelling software comprises two main components. Forward modelling is used to calculate the response that would be measured by a CSEM survey from a particular subsurface resistivity structure. Inverse modelling (inversion) calculates many guided forward models and compares the response to the acquired dataset. In this way, it can be used to reconstruct the resistivity structure of the earth over the survey area.
EEA	The European Economic Area.
E&P	Exploration and production
Excess Allowance	Any part of the calculated allowance one year exceeding the dividend distributed on the share
Electromagnetic («CSEM») surveying technology	Technology used to measure the electromagnetic characteristics of the subsurface
Eligible Shareholder	Shareholder of EMGS as of close of the Oslo Stock Exchange on 17 April 2018, as registered in the Norwegian Central Security Depository (“ VPS ”) on 19 April 2018, who are not resident in a jurisdiction where such offering would be unlawful or would (in

	jurisdictions other than Norway) require any prospectus filing, registration or similar action
EM	Electromagnetic
EMF	Electromagnetic fields
EMGS	Electromagnetic Geoservices ASA
EY	Ernst & Young AS
Existing Bond Issue	The Company's outstanding bond issue FRN Electromagnetic Geoservices ASA Senior Unsecured Callable Bond Issue 2013/2016 with ISIN NO 001 068253.7
Existing Shareholders	Shareholders in the Company as of 17 April 2018 and being registered as such in the VPS on 19 April 2018
Foreign EEA Corporate Shareholders	Foreign Shareholders that are corporations tax-resident within the EEA for tax purposes
Foreign EEA Individual Shareholders	Foreign Shareholders who are individuals tax-resident within the EEA
Forward-looking statements	Statements that predict future events and that are not considered an historical fact
Group	Electromagnetic Geoservices ASA including its subsidiaries.
HSE	Health, safety and environmental
IFRS	International Financial Reporting Standards, issued by the International Financial Standards Board and as adopted by the European Union.
Ineligible Jurisdiction	Jurisdiction where this Prospectus may not be distributed and/or with legislation that, according to the Company's assessment, prohibits or otherwise restricts delivery of Subscription Rights, subscription in the Rights Issue and/or subscription in the Convertible Bond Issue
Ineligible Shareholder	Shareholders resident in jurisdictions where this Prospectus may not be distributed and/or with legislation that, according to the Company's assessment, prohibits or otherwise restricts delivery of Subscription Rights, subscription in the Rights Issue and/or subscription in the Convertible Bond Issue
IP	Intellectual property
Integration and interpretation (I&I)	The integration and evaluation of electromagnetic data together with geophysical data gathered using complementary technologies.
ISIN	International Securities Identification Number.
ISM Code	International Management Code for the Safe Operation of Ships and for Pollution Prevention
ISPS Code	International Ship and Port Facility Security Code
JIP	The Joint industry project and / or, when the context so requires, the new EM source system developed under the Joint industry project, currently being marketed under the commercial designation <i>DeepBlue</i>

Joint industry project (JIP)	Project between Shell, Statoil and EMGS for the development, construction and testing of an advanced marine electromagnetic acquisition system.
Late-sales	License agreements for the use of multi-client data after completion of the project.
Magnetotelluric (MT) surveying technology	Technology used to map large-scale subsurface resistivity variations by measuring naturally occurring low-frequency electric and magnetic fields on the seabed. MT energy does not induce the guided-wave effect in thin buried resistors, so is insensitive to most hydrocarbon accumulations.
MARPOL	International Convention for the Prevention of Pollution from Ships, 73/7
Mbbl/d / MMbbl/d	Million barrels per day
Multi-client	The gathering of CSEM data for resale to multiple customers at a later stage
New Shares	Minimum 31,632,654 and maximum 39,540,816 new shares directed towards the shareholders of EMGS ASA as of the Record Date in the Rights Issue
NOCs	National oil companies
NOK	Norwegian Kroner, the lawful currency of the Kingdom of Norway
Non-Norwegian Corporate Shareholders	Shareholders that are limited liability companies not resident in Norway for tax purposes
Non-Norwegian Individual Shareholders	Shareholders who are individuals not resident in Norway for tax purposes
Norwegian Corporate Shareholders	Shareholders that are limited liability companies (and certain similar entities) resident in Norway for tax purposes
Norwegian FSA	The Financial Supervisory Authority of Norway (Nw: Finanstilsynet)
Norwegian Individual Shareholders	Shareholders who are individual residents in Norway for tax purposes
Norwegian Public Limited Liability Companies Act	The Norwegian Public Limited Liability Companies Act of 13 June 1997 no. 45 ("Allmennaksjeloven").
Norwegian Securities Trading Act	The Securities Trading Act of 29 June 2007 no. 75 ("Verdipapirhandelloven").
OCLA	Outer Continental Shelf Lands Act
OHM	OHM Survey Holdings
OPEC	Organisation of Petroleum Exporting Countries
Option	The right to buy or sell a share at a predetermined price
Oversubscription	Subscription for more New Shares than the number of Subscription Rights held by the subscriber entitles the subscriber to be allocated
OSHA	Occupational Safety and Health Administration
Oslo Børs or OSE	Oslo Børs ASA (translated "the Oslo Stock Exchange").

Payment Date	The payment for New Shares and Convertible Bonds allocated to a Share Subscriber and/or a Bond Subscriber falls due on May 9 2018
PPE	Property, plant and equipment
Pre-Funding	License agreements for a multi-client project entered into before the study has been completed
Prospect Finding	Scanning offshore for prospective oil and gas wells
Prospect / Field Appraisal	Determine the economic viability of extracting oil/gas from a well
Prospect Ranking	Rank the different reservoirs available to a company based on the expected occurrence of oil /gas
Prospectus	This Prospectus dated 19 April 2018
Prospectus Directive	Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003, as amended from time to time
RCF	USD 10 million revolving credit facility
R&D	Research and development
Receiving Agent	DNB Bank ASA, Registrar's Department
Record Date	19 April 2018.
Resident shareholders	Shareholders that are residents of Norway for purposes of Norwegian taxation
Rights Issue	The issue of minimum 31,632,654 and maximum 39,540,816 New Shares with a Subscription Price of NOK 2.45.
Securities Act	The U.S. Securities Act of 1933, as amended.
Share(s)	"Shares" means the ordinary shares in the capital of EMGS each having a par value of NOK 1.00 and "Share" means any one of them.
Shareholder	A holder of a Share
Share Subscriber	An investor subscribing for New Shares in the Rights Issue.
Share Subscription Form	The form included in Appendix A for the Rights Issue
SOLAS	International Convention for Safety of Life at Sea
Subscriber	An investor subscribing for New Shares in the Rights Issue.
Subscription office	DNB Registrar's Department Dronning Eufemias gate 30 Postboks 1600 Sentrum 0021 Oslo.
Subscription Period	The Rights Issue will commence on 20 April at 09:00 CET and (subject to extension) expire on 4 May 2018 at 12:00 CET
Subscription Price	The Subscription price in the Right Issue of NOK 2.45
Subscription Rights	Tradable subscription rights issued to the Eligible Shareholders in connection with the Rights Issue
Underwriter	The Underwriters of the partially underwritten Rights Issue and the fully underwritten Convertible Bond Issue

Underwriter Syndicate	The Underwriters of the Rights Issue and the Convertible Bond Issue
U.S.	United States of America
U.S. dollar or USD	The lawful currency of the United States of America.
U.S. Exchange Act	U.S. Securities and Exchange Act of 1934.
U.S. Shareholder	A shareholder that is a beneficial owner of such shares and is (i) an individual citizen or resident of the United States, (ii) a corporation created or organised in or under the laws of the United States or any political subdivision thereof, (iii) an estate whose income is subject to U.S. federal income tax regardless of its source, or (iv) a trust if (a) it is subject to the primary supervision of a court within the United States and one or more U.S. persons are authorised to control all substantial decisions of the trust or (b) the trust has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.
Variable Compensation	Variable elements of employee compensation, such as bonus, share options and variable special payments
VPS	Verdipapirsentralen (Norwegian Central Securities Depository), which organises a paperless securities registration system.
VPS account	An account with VPS for the registration of holdings of securities.
3D anisotropic inversion	The production of 3D images of the Earth's resistivity structure based on geological data

Appendix A Electromagnetic Geoservices ASA Rights Issue

SHARE SUBSCRIPTION FORM Securities No. ISIN NO 0010358484

General information: The terms and conditions of the rights issue (the "**Rights Issue**") by Electromagnetic Geoservices ASA (the "**Company**") are set out in the prospectus dated 19 April 2018 (the "**Prospectus**"). Terms defined in the Prospectus shall have the same meaning in this Share Subscription Form. The notice of, and the minutes from, the extraordinary general meeting of the Company held on 23 March 2018, the Company's Articles of Association, the annual reports for 2015, 2016 and 2017 are available at the Company's website www.emgs.com. The resolution to increase the share capital in connection with the Rights Issue is included in the Prospectus.

Subscription Procedures: The Subscription Period for the Rights Issue will commence on 20 April 2018 at 09:00 CET) and end on 4 May 2018 at 12:00 CET. Correctly completed Share Subscription Forms must be received by the Receiving Agent before the end of the Subscription Period at the following address: DNB Registrar's Department, Dronning Eufemias gate 30, P.O. Box 1600 Sentrum, N-0021 Oslo, Norway, or by e-mail: retail@dnb.no. The subscriber is responsible for the correctness of the information filled in on the Share Subscription Form. Share Subscription Forms that are incomplete or incorrectly completed, or that are received after the end of the Subscription Period, and any subscription that may be unlawful, may be disregarded, at the discretion of the Manager on behalf of the Company.

Subscribers who are Norwegian citizens may also subscribe for New Shares through the VPS online subscription system by following the link on the following website: www.emgs.com. Subscriptions made through the VPS online subscription system must be duly registered before the expiry of the Subscription Period.

Neither the Company nor the Manager may be held responsible for postal delays, internet lines or servers or other logistical or technical problems that may result in subscriptions not being received in time or at all by the Manager. Subscriptions are irrevocable and binding upon receipt and cannot be withdrawn, cancelled or modified by the subscriber after having been received by the Manager, or in the case of subscriptions through the VPS online subscription system, upon registration of the subscription.

Subscription Price: The Subscription Price in the Rights Issue is NOK 2.45 per New Share.

Subscription Rights: The Company will issue 39,540,816 Subscription Rights for each Existing Share registered as held by an Existing Shareholder on the Record Date. The number of Subscription Rights granted to each Existing Shareholder will be rounded down to the nearest whole Subscription Right. Each Subscription Right will, subject to applicable securities laws, give the right to subscribe for and be allocated one (1) New Share in the Rights Issue. The Subscription Rights are transferable and will be listed on Oslo Børs in the Subscription Period under the ticker code "EMGS S". The Subscription Rights are registered with the VPS under ISIN NO 0010821036. Oversubscription is permitted, however there can be no assurance that New Shares will be allocated for such subscriptions. Subscription Rights not used to subscribe for New Shares before the end of the Subscription Period or not sold before 16:30 hours (CET) on 2 May 2018 will have no value and will lapse without compensation to the holder.

Allocation of New Shares: The New Shares will be allocated to the subscribers based on the allocation criteria set out in the Prospectus. Allocation of fewer New Shares than subscribed for does not impact on the subscriber's obligation to pay for the New Shares allocated. Notification of allocated New Shares and the corresponding subscription amount to be paid by each subscriber is expected to be distributed in a letter from the VPS on or about 7 May 2018.

Payment: In completing this Share Subscription Form or registering a subscription through the VPS online subscription system, the subscriber authorises the Manager to debit the subscriber's Norwegian bank account for the total subscription amount payable for the New Shares allocated to the subscriber. Accounts will be debited on or about 9 May 2018 (the "**Payment Date**"), and there must be sufficient funds in the stated bank account from and including the date falling 2 banking days prior to the Payment Date. Subscribers who do not have a Norwegian bank account must ensure that payment for the allocated New Shares is made on or before the Payment Date. Details and instructions can be obtained by contacting the Manager, telephone: +47 23 26 80 21. The Manager is only authorized to debit each account once but reserves the right (but has no obligation) to make up to three debit attempts if there are insufficient funds on the account on the Payment Date. Should any subscriber have insufficient funds in his or her account, should payment be delayed for any reason, if it is not possible to debit the account or if payments for any other reasons are not made when due, overdue interest will accrue and other terms will apply as set out under the heading "Overdue and missing payments" below. Assuming timely payment by all subscribers, delivery of the New Shares is expected to take place on or about 15 May 2018. A subscriber will not under any circumstances be entitled to sell or transfer its New Shares until these shares have been paid in full by such subscriber and registered on the subscriber's VPS account. Assuming timely payment by all subscribers, the Company expects that the New Shares will be listed on Oslo Børs on or about 15 May 2018.

SEE PAGE 2 OF THIS SHARE SUBSCRIPTION FORM FOR OTHER PROVISIONS THAT ALSO APPLY TO THE SUBSCRIPTION

DETAILS OF THE SUBSCRIPTION

Subscriber's VPS Account:	Number of Subscription Rights:	Number of New Shares subscribed (incl. oversubscription):	(For broker: consecutive no.):
SUBSCRIPTION RIGHTS' SECURITIES NUMBER: ISIN NO 0010821036		Subscription Price per New Share: X NOK 2.45	Subscription amount to be paid: = NOK _____



IRREVOCABLE AUTHORIZATION TO DEBIT ACCOUNT (MUST BE COMPLETED BY SUBSCRIBERS WITH A NORWEGIAN BANK ACCOUNT)

Norwegian bank account to be debited for the payment for New Shares allocated (number of New Shares allocated x NOK 2.45).	<table><tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr></table> (Norwegian bank account no.)												

I/WE HEREBY IRREVOCABLY (I) SUBSCRIBE FOR THE NUMBER OF NEW SHARES SPECIFIED ABOVE SUBJECT TO THE TERMS AND CONDITIONS SET OUT IN THIS SHARE SUBSCRIPTION FORM AND IN THE PROSPECTUS, (II) AUTHORIZE AND INSTRUCT THE MANAGER (OR SOMEONE APPOINTED BY IT) TO TAKE ALL ACTIONS REQUIRED TO TRANSFER SUCH NEW SHARES ALLOCATED TO ME/US TO THE VPS REGISTRAR AND ENSURE DELIVERY OF SUCH NEW SHARES TO ME/US IN THE VPS, ON MY/OUR BEHALF, (III) AUTHORIZE THE MANAGER TO DEBIT MY/OUR BANK ACCOUNT AS SET OUT IN THIS SHARE SUBSCRIPTION FORM FOR THE AMOUNT PAYABLE FOR THE NEW SHARES ALLOTTED TO ME/US, AND (IV) CONFIRM AND WARRANT TO HAVE READ THE PROSPECTUS AND THAT I/WE ARE ELIGIBLE TO SUBSCRIBE FOR NEW SHARES UNDER THE TERMS SET FORTH THEREIN.

Place and date

Must be dated in the Subscription Period

Binding Signature

The subscriber must have legal capacity. When signed on behalf of a company or pursuant to an authorization, documentation in the form of a company certificate or power of attorney must be enclosed.

INFORMATION ON THE SUBSCRIBER – ALL FIELDS MUST BE COMPLETED

First name:	
Surname / company:	
Street address:	
Postcode / district / country:	
Personal ID number / organization number:	
Nationality:	
E-mail address:	
Daytime telephone number:	

ADDITIONAL GUIDELINES FOR THE SUBSCRIBER

Regulatory issues: In accordance with the Markets in Financial Instruments Directive ("MIFID") of the European Union, Norwegian law imposes requirements in relation to business investments. In this respect, the Manager must categorize all new clients in one of three categories: eligible counterparties, professional clients and non-professional clients. All subscribers in the Rights Issue who are not existing clients of the Manager will be categorized as non-professional clients. Subscribers can, by written request to the Manager, ask to be categorized as a professional client if the subscriber fulfils the applicable requirements of the Norwegian Securities Trading Act. For further information about the categorization, the subscriber may contact the Manager (DNB Registrar's Department, Dronning Eufemias gate 30, P.O. Box 1600 Sentrum, NO-0021 Oslo). The subscriber represents that he/she/it is capable of evaluating the merits and risks of a decision to invest in the Company by subscribing for New Shares, and is able to bear the economic risk, and to withstand a complete loss, of an investment in the New Shares.

Selling restrictions: The attention of persons who wish to subscribe for New Shares is drawn to Section 17 "Selling and Transfer Restrictions" of the Prospectus. The Company is not taking any action to permit a public offering of the Subscription Rights or the New Shares (pursuant to the exercise of the Subscription Rights or otherwise) in any jurisdiction other than Norway. Receipt of the Prospectus will not constitute an offer in those jurisdictions in which it would be illegal to make an offer and, in those circumstances, the Prospectus is for information only and should not be copied or redistributed. Persons outside Norway should consult their professional advisors as to whether they require any governmental or other consent or need to observe any other formalities to enable them to subscribe for New Shares. It is the responsibility of any person wishing to subscribe for New Shares under the Rights Issue to satisfy himself as to the full observance of the laws of any relevant jurisdiction in connection therewith, including obtaining any governmental or other consent which may be required, the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such territories. The Subscription Rights and New Shares have not been registered, and will not be registered, under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or with any securities regulatory authority of any state or other jurisdiction of the United States, and may not be offered, sold, exercised, pledged, resold, granted, delivered, allocated, taken up, transferred or delivered, directly or indirectly, within the United States. The Subscription Rights and New Shares have not been and will not be registered under the applicable securities laws of Australia, Canada, Japan or Hong Kong and may not be offered, sold, exercised, pledged, resold, granted, allocated, taken up, transferred or delivered, directly or indirectly, in or into Australia, Canada, Japan or Hong Kong or in any other jurisdiction in which it would not be permissible to offer the Subscription Rights or the New Shares. A notification of exercise of Subscription Rights and subscription of New Shares in contravention of the above restrictions may be deemed to be invalid. By subscribing for the New Shares, persons effecting subscriptions will be deemed to have represented to the Company that they, and the persons on whose behalf they are subscribing for the New Shares, have complied with the above selling restrictions.

Execution only: The Manager will treat the Share Subscription Form as an execution-only instruction. The Manager is not required to determine whether an investment in the New Shares is appropriate or not for the subscriber. Hence, the subscriber will not benefit from the protection of the relevant conduct of business rules in accordance with the Norwegian Securities Trading Act.

Information exchange: The subscriber acknowledges that, under the Norwegian Securities Trading Act and the Norwegian Commercial Banks Act and foreign legislation applicable to the Manager there is a duty of secrecy between the different units of the Manager as well as between the Manager and the other entities in the Manager's respective groups. This may entail that other employees of the Manager or the Manager's respective groups may have information that may be relevant to the subscriber and to the assessment of the New Shares, but which the Manager will not have access to in their capacity as Manager for the Rights Issue.

Information barriers: The Manager is a securities firm that offers a broad range of investment services. In order to ensure that assignments undertaken in the Manager's corporate finance departments are kept confidential, the Manager's other activities, including analysis and stock broking, are separated from the respective Manager's corporate finance departments by information walls. Consequently, the subscriber acknowledges that the Manager's analysis and stock broking activity may conflict with the subscriber's interests with regard to transactions in the Shares, including the New Shares.

VPS-account and mandatory anti money laundering procedures: The Rights Issue is subject to the Norwegian Money Laundering Act of 6 March 2009 No. 11 and the Norwegian Money Laundering Regulation of 13 March 2009 No. 302 (collectively, the "**AML Legislation**"). Subscribers who are not registered as existing customers of the Manager must verify their identity to the Manager in accordance with requirements of the Anti-Money Laundering Legislation, unless an exemption is available. Subscribers who have designated an existing Norwegian bank account and an existing VPS account on the Share Subscription Form are exempted, unless verification of identity is requested by the Manager. Subscribers who have not completed the required verification of identity prior to the expiry of the Subscription Period will not be allocated New Shares. Participation in the Rights Issue is conditional upon the subscriber holding a VPS account. The VPS account number must be stated in the Share Subscription Form. VPS accounts can be established with authorized VPS registrars, who can be Norwegian banks, authorized securities brokers in Norway and Norwegian branches of credit institutions established within the EEA. Establishment of a VPS account requires verification of identity to the VPS registrar in accordance with the Anti-Money Laundering Legislation. However, non-Norwegian investors may use nominee VPS accounts registered in the name of a nominee. The nominee must be authorized by the Financial Supervisory Authority of Norway.

Terms and conditions for payment by direct debiting – securities trading: Payment by direct debiting is a service the banks in Norway provide in cooperation. In the relationship between the payer and the payer's bank the following standard terms and conditions apply:

- a) The service "Payment by direct debiting – securities trading" is supplemented by the account agreement between the payer and the payer's bank, in particular Section C of the account agreement, General terms and conditions for deposit and payment instructions.
- b) Costs related to the use of "Payment by direct debiting – securities trading" appear from the bank's prevailing price list, account information and/or information given in another appropriate manner. The bank will charge the indicated account for costs incurred.
- c) The authorization for direct debiting is signed by the payer and delivered to the beneficiary. The beneficiary will deliver the instructions to its bank that in turn will charge the payer's bank account.
- d) In case of withdrawal of the authorization for direct debiting the payer shall address this issue with the beneficiary. Pursuant to the Norwegian Financial Contracts Act the payer's bank shall assist if the payer withdraws a payment instruction that has not been completed. Such withdrawal may be regarded as a breach of the agreement between the payer and the beneficiary.
- e) The payer cannot authorize payment of a higher amount than the funds available on the payer's account at the time of payment. The payer's bank will normally perform a verification of available funds prior to the account being charged. If the account has been charged with an amount higher than the funds available, the difference shall immediately be covered by the payer.
- f) The payer's account will be charged on the indicated date of payment. If the date of payment has not been indicated in the authorization for direct debiting, the account will be charged as soon as possible after the beneficiary has delivered the instructions to its bank. The charge will not, however, take place after the authorization has expired as indicated above. Payment will normally be credited the beneficiary's account between one and three working days after the indicated date of payment/delivery.
- g) If the payer's account is wrongfully charged after direct debiting, the payer's right to repayment of the charged amount will be governed by the account agreement and the Norwegian Financial Contracts Act.

Overdue and missing payments: Overdue payments will be charged with interest at the applicable rate under the Norwegian Act on Interest on Overdue Payment of 17 December 1976 No. 100; 8.50% per annum as of the date of the Prospectus. If the subscriber fails to comply with the terms of payment or should payments not be made when due, the subscriber will remain liable for payment of the New Shares allocated to it and the New Shares allocated to such subscriber will not be delivered to the subscriber. In such case the Company and the Manager reserve the right to, at any time and at the risk and cost of the subscriber, re-allot, cancel or reduce the subscription and the allocation of the allocated New Shares, or, if payment has not been received by the third day after the Payment Date, without further notice sell, assume ownership to or otherwise dispose of the allocated New Shares in accordance with section 10-12 fourth paragraph of the Norwegian Public Limited Companies Act. If New Shares are sold on behalf of the subscriber, such sale will be for the subscriber's account and risk (however so that the applicant shall not be entitled to profits therefrom, if any) and the subscriber will be liable for any loss, costs, charges and expenses suffered or incurred by the Company and/or the Manager as a result of, or in connection with, such sales. The Company and/or the Manager may enforce payment for any amounts outstanding in accordance with applicable law. The Company and the Manager reserve the right to have the Manager pre-fund payment on behalf of subscribers who have not made payment for the New Shares within the Payment Date. Irrespective of such pre-funding (if any), if the subscriber fails to comply with the terms of payment or should payment not be made when due, the non-paying subscribers will remain fully liable for payment for the New Shares together with any interest, costs, charges and expenses accrued irrespective of any such payment by the Manager.

Electromagnetic Geoservices ASA Convertible Bond Issue

BOND SUBSCRIPTION FORM Securities No. ISIN NO 0010821010

General information: The terms and conditions of the convertible bond issue (the "**Convertible Bond Issue**") by Electromagnetic Geoservices ASA (the "**Company**") are set out in the prospectus dated 19 April 2018 (the "**Prospectus**"). Terms defined in the Prospectus shall have the same meaning in this Bond Subscription Form. The notice of, and the minutes from, the extraordinary general meeting of the Company held on 23 March 2018, the Company's Articles of Association, the annual reports for 2015, 2016 and 2017 are available at the Company's website www.emgs.com. The resolution to issue the Convertible Bonds in connection with the Convertible Bond Issue is included in the Prospectus.

Subscription Procedures: The Subscription Period for the Convertible Bond Issue will commence on 20 April 2018 at 09:00 CET and end on 4 May 2018 at 12:00 CET. Correctly completed Bond Subscription Forms must be received by the Receiving Agent before the end of the Subscription Period at the following address: DNB Registrar's Department, Dronning Eufemias gate 30, P.O. Box 1600 Sentrum, N-0021 Oslo, Norway, or by e-mail: mosec@dnb.no. The subscriber is responsible for the correctness of the information filled in on the Bond Subscription Form. Bond Subscription Forms that are incomplete or incorrectly completed, or that are received after the end of the Subscription Period, and any subscription that may be unlawful, may be disregarded, at the discretion of the Manager on behalf of the Company.

Neither the Company nor the Manager may be held responsible for postal delays or other logistical or technical problems that may result in subscriptions not being received in time or at all by the Manager. Subscriptions are irrevocable and binding upon receipt and cannot be withdrawn, cancelled or modified by the subscriber after having been received by the Manager.

Subscription Price: The Subscription Price in the Convertible Bond Issue is USD 100 per Convertible Bond.

Allocation of Convertible Bonds: The Convertible Bonds will be allocated to the subscribers based on the allocation criteria set out in the Prospectus. Oversubscription is permitted, however there can be no assurance that Convertible Bonds will be allocated for such subscriptions. Allocation of fewer Convertible Bonds than subscribed for does not impact on the subscriber's obligation to pay for the Convertible Bonds allocated. Notification of allocated Convertible Bonds and the corresponding subscription amount to be paid by each subscriber is expected to be distributed in a letter from the VPS on or about 7 May 2018.

Payment: The subscribers must ensure that payment for the allocated Convertible Bonds is made on or before 9 May 2018 (the "**Payment Date**"). Payment must be made to the following account at DNB Bank ASA:

Account no.: 1250.04.19073

BIC: DNBANOKKXXX

Electronic IBAN: NO6312500419073.

Further details and instructions can be obtained by contacting the Manager, telephone: +47 56 13 28 10. Should any subscriber have insufficient funds in his or her account, should payment be delayed for any reason, or if payments for any other reasons are not made when due, overdue interest will accrue, and other terms will apply as set out under the heading "Overdue and missing payments" below. Assuming timely payment by all subscribers, delivery of the Convertible Bonds is expected to take place on or about 15 May 2018. A subscriber will not under any circumstances be entitled to sell or transfer its Convertible Bonds until these bonds have been paid in full by such subscriber and registered on the subscriber's VPS

account. Assuming timely payment by all subscribers, the Company expects that the Convertible Bonds will be listed on Oslo Børs on or about 30 June 2018.

SEE PAGE 2 OF THIS BOND SUBSCRIPTION FORM FOR OTHER PROVISIONS THAT ALSO APPLY TO THE SUBSCRIPTION

DETAILS OF THE SUBSCRIPTION

Subscriber's VPS Account:	Number of Convertible Bond subscribed (incl. oversubscription):	(For broker: consecutive no.):
CONVERTIBLE BONDS SECURITIES NUMBER: ISIN NO 0010821010 	Subscription Price per Convertible Bond:	Subscription amount to be paid:
	X USD 100	= USD _____

I/WE HEREBY IRREVOCABLY (I) SUBSCRIBE FOR THE NUMBER OF CONVERTIBLE BONDS SPECIFIED ABOVE SUBJECT TO THE TERMS AND CONDITIONS SET OUT IN THIS BOND SUBSCRIPTION FORM AND IN THE PROSPECTUS, (II) AUTHORIZE AND INSTRUCT THE MANAGER (OR SOMEONE APPOINTED BY IT) TO TAKE ALL ACTIONS REQUIRED TO TRANSFER SUCH CONVERTIBLE BONDS ALLOCATED TO ME/US TO THE VPS REGISTRAR AND ENSURE DELIVERY OF SUCH CONVERTIBLE BOND TO ME/US IN THE VPS, ON MY/OUR BEHALF, AND (III) CONFIRM AND WARRANT TO HAVE READ THE PROSPECTUS AND THAT I/WE ARE ELIGIBLE TO SUBSCRIBE FOR CONVERTIBLE BONDS UNDER THE TERMS SET FORTH THEREIN.

Place and date

Must be dated in the Subscription Period

Binding Signature

The subscriber must have legal capacity. When signed on behalf of a company or pursuant to an authorization, documentation in the form of a company certificate or power of attorney must be enclosed.

INFORMATION ON THE SUBSCRIBER – ALL FIELDS MUST BE COMPLETED

First name:	
Surname / company:	
Street address:	
Postcode / district / country:	
Personal ID number / organization number:	
Nationality:	
E-mail address:	
Daytime telephone number:	

ADDITIONAL GUIDELINES FOR THE SUBSCRIBER

Regulatory issues: In accordance with the Markets in Financial Instruments Directive ("MiFID") of the European Union, Norwegian law imposes requirements in relation to business investments. In this respect, the Manager must categorize all new clients in one of three categories: eligible counterparties, professional clients and non-professional clients. All subscribers in the Convertible Bond Issue who are not existing clients of the Manager will be categorized as non-professional clients. Subscribers can, by written request to the Manager, ask to be categorized as a professional client if the subscriber fulfils the applicable requirements of the Norwegian Securities Trading Act. For further information about the categorization, the subscriber may contact the Manager (DNB Registrar's Department, Dronning Eufemias gate 30, P.O. Box 1600 Sentrum, NO-0021 Oslo). The subscriber represents that he/she/it is capable of evaluating the merits and risks of a decision to invest in the Company by subscribing for Convertible Bonds, and is able to bear the economic risk, and to withstand a complete loss, of an investment in the Convertible Bonds.

Selling restrictions: The attention of persons who wish to subscribe for Bonds is drawn to Section 18 "Selling and Transfer Restrictions" of the Prospectus. The Company is not taking any action to permit a public offering of the Convertible Bonds in any jurisdiction other than Norway. Receipt of the Prospectus will not constitute an offer in those jurisdictions in which it would be illegal to make an offer and, in those circumstances, the Prospectus is for information only and should not be copied or redistributed. Persons outside Norway should consult their professional advisors as to whether they require any governmental or other consent or need to observe any other formalities to enable them to subscribe for Convertible Bonds. It is the responsibility of any person wishing to subscribe for Convertible Bonds under the Convertible Bond Issue to satisfy himself as to the full observance of the laws of any relevant jurisdiction in connection therewith, including obtaining any governmental or other consent which may be required, the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such territories. The Convertible Bonds have not been registered, and will not be registered, under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or with any securities regulatory authority of any state or other jurisdiction of the United States, and may not be offered, sold, exercised, pledged, resold, granted, delivered, allocated, taken up, transferred or delivered, directly or indirectly, within the United States. The Convertible Bonds have not been and will not be registered under the applicable securities laws of Australia, Canada, Japan or Hong Kong and may not be offered, sold, exercised, pledged, resold, granted, allocated, taken up, transferred or delivered, directly or indirectly, in or into Australia, Canada, Japan or Hong Kong or in any other jurisdiction in which it would not be permissible to offer the Convertible Bonds. A notification of subscription of Convertible Bonds in contravention of the above restrictions may be deemed to be invalid. By subscribing for the Convertible Bonds, persons effecting subscriptions will be deemed to have represented to the Company that they, and the persons on whose behalf they are subscribing for the Convertible Bonds, have complied with the above selling restrictions.

Execution only: The Manager will treat the Bond Subscription Form as an execution-only instruction. The Manager is not required to determine whether an investment in the Convertible Bonds is appropriate or not for the subscriber. Hence, the subscriber will not benefit from the protection of the relevant conduct of business rules in accordance with the Norwegian Securities Trading Act.

Information exchange: The subscriber acknowledges that, under the Norwegian Securities Trading Act and the Norwegian Commercial Banks Act and foreign legislation applicable to the Manager there is a duty of secrecy between the different units of the Manager as well as between the Manager and the other entities in the Manager's respective groups. This may entail that other employees of the Manager or the Manager's respective groups may have information that may be relevant to the subscriber and to the assessment of the Convertible Bonds, but which the Manager will not have access to in their capacity as Manager for the Convertible Bond Issue.

Information barriers: The Manager is a securities firm that offers a broad range of investment services. In order to ensure that assignments undertaken in the Manager's corporate finance departments are kept confidential, the Manager's other activities, including analysis and stock broking, are separated from the respective Manager's corporate finance departments by information walls. Consequently the subscriber acknowledges that the Manager's analysis and stock broking activity may conflict with the subscriber's interests with regard to transactions in the Convertible Bonds.

VPS-account and mandatory anti money laundering procedures: The Convertible Bonds is subject to the Norwegian Money Laundering Act of 6 March 2009 No. 11 and the Norwegian Money Laundering Regulation of 13 March 2009 No. 302 (collectively the "**AML Legislation**"). Subscribers may be required to verify their identity to the Manager in accordance with requirements of the Anti-Money Laundering Legislation, unless an exemption is available. Subscribers who have designated an existing Norwegian bank account and an existing VPS account on the Bond Subscription Form are exempted, unless verification of identity is requested by the Manager. Participation in the Convertible Bond Issue is conditional upon the subscriber holding a VPS account. The VPS account number must be stated in the Bond Subscription Form. VPS accounts can be established with authorized VPS registrars, who can be Norwegian banks, authorized securities brokers in Norway and Norwegian branches of credit institutions established within the EEA. Establishment of a VPS account requires verification of identity to the VPS registrar in accordance with the Anti-Money Laundering Legislation. However, non-Norwegian investors may use nominee VPS accounts registered in the name of a nominee. The nominee must be authorized by the Financial Supervisory Authority of Norway.

Overdue and missing payments: Overdue payments will be charged with interest at the applicable rate under the Norwegian Act on Interest on Overdue Payment of 17 December 1976 No. 100; 8.50% per annum as of the date of the Prospectus. If the subscriber fails to comply with the terms of payment or should payments not be made when due, the subscriber will remain liable for payment of the Convertible Bonds allocated to it and the Convertible Bonds allocated to such subscriber will not be delivered to the subscriber. In such case the Company and the Manager reserve the right to, at any time and at the risk and cost of the subscriber, re-allot, cancel or reduce the subscription and the allocation of the allocated Convertible Bonds, or, if payment has not been received by the third day after the Payment Date, without further notice sell, assume ownership to or otherwise dispose of the allocated Convertible Bonds. If Convertible Bonds are sold on behalf of the subscriber, such sale will be for the subscriber's account and risk (however so that the applicant shall not be entitled to profits therefrom, if any) and the subscriber will be liable for any loss, costs, charges and expenses suffered or incurred by the Company and/or the Manager as a result of, or in connection with, such sales. The Company and/or the Manager may enforce payment for any amounts outstanding in accordance with applicable law. The Company and the Manager reserve the right to have the Manager pre-fund payment on behalf of subscribers who have not made payment for the Convertible Bonds within the Payment Date. Irrespective of such pre-funding (if any), if the subscriber fails to comply with the terms of payment or should payment not be made when due, the non-paying subscribers will remain fully liable for payment for the Convertible bonds together with any interest, costs, charges and expenses accrued irrespective of any such payment by the Manager.

BOND TERMS

FOR

FRN Electromagnetic Geoservices ASA senior unsecured convertible USD 32,500,000 bonds

2018/2023

ISIN NO 0010821010

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SCHEDULE 1 COMPLIANCE CERTIFICATE

BOND TERMS between	
ISSUER:	Electromagnetic Geoservices ASA, a company existing under the laws of Norway with registration number 984195486 and LEI-code 5967007LIEEXZXI7OG55 and
BOND TRUSTEE:	Nordic Trustee AS, a company existing under the laws of Norway with registration number 963 342 624 and LEI-code 549300XAKTM2BMKIPT85.
DATED:	[9 May 2018]
These Bond Terms shall remain in effect for so long as any Bonds remain outstanding.	

1. INTERPRETATION

1.1 Definitions

The following terms will have the following meanings:

“**Account Manager**” means a Bondholder’s account manager in the CSD.

“**Affiliate**” means, in relation to any person:

- (a) any person which is a Subsidiary of that person;
- (b) any person who has Decisive Influence over that person (directly or indirectly); and
- (c) any person which is a Subsidiary of an entity who has Decisive Influence (directly or indirectly) over that person.

“**Annual Financial Statements**” means the audited unconsolidated and consolidated annual financial statements of the Issuer for any financial year, prepared in accordance with IFRS, such financial statements to include a profit and loss account, balance sheet, cash flow statement and report of the board of directors.

“**Attachment**” means each of the attachments to these Bond Terms.

“**Bond Terms**” means these terms and conditions, including all Attachments which shall form an integrated part of these Bond Terms, in each case as amended and/or supplemented from time to time.

“**Bond Trustee**” means the company designated as such in the preamble to these Bond Terms, or any successor, acting for and on behalf of the Bondholders in accordance with these Bond Terms.

“**Bond Trustee Fee Agreement**” means the agreement entered into between the Issuer and the Bond Trustee relating among other things to the fees to be paid by the Issuer to the Bond Trustee for its obligations relating to the Bonds.

“**Bondholder**” means a person who is registered in the CSD as directly registered owner or nominee holder of a Bond, subject however to Clause 3.3 (*Bondholders’ rights*).

“**Bondholders’ Meeting**” means a meeting of Bondholders as set out in Clause 19 (*Bondholders’ Decisions*).

“**Bonds**” means the debt instruments issued by the Issuer pursuant to these Bond Terms.

“Bonus Issue” means an issue of new shares to shareholders against no consideration.

“Business Day” means a day on which both the relevant CSD settlement system is open, and the relevant Bond currency settlement system is open.

“Business Day Convention” means that if the last day of any Interest Period originally falls on a day that is not a Business Day, the Interest Period will be extended to include the first following Business Day unless that day falls in the next calendar month, in which case the Interest Period will be shortened to the first preceding Business Day (*Modified Following*).

“Call Option” has the meaning given to it in Clause 10.2 (*Voluntary early redemption – Call Option*).

“Call Option Repayment Date” means the settlement date for the Call Option determined by the Issuer pursuant to Clause 10.2 (*Voluntary early redemption – Call Option*), or a date agreed upon between the Bond Trustee and the Issuer in connection with such redemption of Bonds.

“Change of Control Event” means an event whereby:

- (i) any group or person gains control, directly or indirectly, over more than 50% of the Shares and/or voting capital of the Issuer; or
- (ii) the shares of the Issuer are de-listed from Oslo Børs.

“Company Register” means the Norwegian Register of Business Enterprises (Norwegian: Foretaksregisteret).

“Compliance Certificate” means a statement substantially in the form as set out in Attachment 1 hereto.

“Conversion Date” means the date falling 10 – ten – Business Days after the Paying Agent has received the relevant exercise notice pursuant to Clause 12.1.

“Conversion Period” means the entire term of the Bonds, subject to the Conversion Right has been exercised within the Exercise Period.

“Conversion Price” means USD 0.42677, subject to adjustments as provided in Clauses 13 and 14.

“Conversion Right” means the right of each Bondholder to convert each Bond at the Conversion Price into ordinary Shares of the Issuer, subject to Clauses 12, 13 and 14.

“CSD” means the central securities depository in which the Bonds are registered, being Verdipapirsentralen ASA (VPS).

“Dealing Day” means a day on which the Market Place is open for business, (other than a day on which the Market Place is scheduled to or does close prior to its regular weekday closing time).

“Decisive Influence” means a person having, as a result of an agreement or through the ownership of shares or interests in another person (directly or indirectly):

- (a) a majority of the voting rights in that other person; or
- (b) a right to elect or remove a majority of the members of the board of directors of that other person.

“Default Notice” means a written notice to the Issuer as described in Clause 18.2 (*Acceleration of the Bonds*).

“Default Repayment Date” means the settlement date set out by the Bond Trustee in a Default Notice requesting early redemption of the Bonds.

“Event of Default” means any of the events or circumstances specified in Clause 18.1 (*Events of Default*).

“Exchange” means Oslo Børs (the Oslo Stock Exchange).

“Exercise Period” means the period commencing on the Issue Date and ending on the 60th Business Day prior to the Maturity Date, or, if earlier, the tenth (10th) Business Day prior to the date for redemption of the Bonds.

“Finance Documents” means these Bond Terms, the Bond Trustee Fee Agreement, and any other document designated by the Issuer and the Bond Trustee as a Finance Document.

“Financial Indebtedness” means any indebtedness for or in respect of:

- (a) moneys borrowed (and debit balances at banks or other financial institutions);
- (b) any amount raised by acceptance under any acceptance credit facility or dematerialized equivalent;
- (c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument, including the Bonds;
- (d) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with IFRS, be treated as a finance or capital lease (meaning that the lease is capitalized as an asset and booked as a corresponding liability in the balance sheet);
- (e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis provided that the requirements for de-recognition under IFRS are met);
- (f) any derivative transaction entered into and, when calculating the value of any derivative transaction, only the marked to market value (or, if any actual amount is due as a result of the termination or close-out of that derivative transaction, that amount shall be taken into account);
- (g) any counter-indemnity obligation in respect of a guarantee, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution in respect of an underlying liability of a person which is not a Group Company which liability would fall within one of the other paragraphs of this definition;
- (h) any amount raised by the issue of redeemable shares which are redeemable (other than at the option of the Issuer) before the Maturity Date or are otherwise classified as borrowings under IFRS;
- (i) any amount of any liability under an advance or deferred purchase agreement, if (a) the primary reason behind entering into the agreement is to raise finance or (b) the agreement is in respect of the supply of assets or services and payment is due more than 120 calendar days after the date of supply;
- (j) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing or otherwise being classified as a borrowing under IFRS; and
- (k) without double counting, the amount of any liability in respect of any guarantee for any of the items referred to in paragraphs a) to j) above.

“Financial Reports” means the Annual Financial Statements and the Interim Accounts.

“Financial Support” means any loans, guarantees, Security or other financial assistance (whether actual or contingent).

“First Call Date” means the Interest Payment Date falling three years after the Issue Date.

“Group” means the Issuer and its Subsidiaries from time to time.

“Group Company” means any person which is a member of the Group.

“IFRS” means the International Financial Reporting Standards (IFRS) and guidelines and interpretations issued by the International Accounting Standards Board (or any predecessor and successor thereof), in force from time to time.

“Initial Nominal Amount” means the nominal amount of each Bond as set out in Clause 2.1 (*Amount, denomination and ISIN of the Bonds*).

“Insolvent” means that a person:

- (a) is unable or admits inability to pay its debts as they fall due;
- (b) suspends making payments on any of its debts generally; or
- (c) is otherwise considered insolvent or bankrupt within the meaning of the relevant bankruptcy legislation of the jurisdiction which can be regarded as its center of main interest as such term is understood pursuant to Council Regulation (EC) no. 1346/2000 on insolvency proceedings (as amended).

“Intercompany Loans” means any unsecured Financial Indebtedness entered into by and among Group Companies.

“Interest Payment Date” means the last day of each Interest Period, the first Interest Payment Date being the date falling three months after the Issue Date (and subsequent Interest Payment Dates being each date, subject to adjustment in accordance with the Business Day Convention, falling in three month arrears thereafter) and the last Interest Payment Date being the Maturity Date.

“Interest Period” means, subject to adjustment in accordance with the Business Day Convention, the period between each Interest Payment Date.

“Interest Rate” means the percentage rate per annum which is the aggregate of the Reference Rate for the relevant Interest Period plus the Margin.

“Interest Quotation Day” means, in relation to any period for which Interest Rate is to be determined, the day falling two (2) Business Days before the first day of the relevant Interest Period, or if Bank of England is not open on such date, the immediately preceding day Bank of England is open.

“Interim Accounts” means the unaudited consolidated quarterly financial statements of the Issuer for the quarterly period ending on each 31 March, 30 June, 30 September and 31 December in each year, prepared in accordance with IFRS.

“ISIN” means International Securities Identification Number, being the identification number of the Bonds.

“Issue Date” means [9 May 2018].

“Issuer” means the company designated as such in the preamble to these Bond Terms.

“Issuer’s Bonds” means any Bonds which are owned by the Issuer or any Affiliate of the Issuer.

“Margin” means 5.5 per cent.

“Market Place” means a recognized stock exchange or regulated market providing material trading activity and liquidity for the Shares, always including Oslo Børs (the Oslo Stock Exchange) and Oslo Axess, while always excluding OTC trading or other trades via similar dealer networks.

“Material Adverse Effect” means a material adverse effect on:

- (a) the Issuer's ability to perform and comply with its obligations under any of the Finance Documents; or

(b) the validity or enforceability of any of the Finance Documents.

“Material Subsidiary” means

- (a) any Subsidiary whose total consolidated assets represent at least 10 % of the total consolidated assets of the Group, or
- (b) any Subsidiary whose total consolidated net sales represent at least 10 % of the total consolidated net sales of the Group, or
- (c) any other Subsidiary to which is transferred either (A) all or substantially all of the assets of another Subsidiary which immediately prior to the transfer was a Material Subsidiary or (B) sufficient assets of the Issuer that such Subsidiary would have been a Material Subsidiary had the transfer occurred on or before the relevant date.

always provided that Subsidiaries not being a Material Subsidiary shall in aggregate not exceed 20 % of the consolidated turnover, gross assets or net assets of the Group (as the case may be).

“Maturity Date” means 9 May 2023, adjusted according to the Business Day Convention.

“MC Library” means the Groups’ multi-client library and any other asset forming an integral part of it.

“Nominal Amount” means the Initial Nominal Amount (less the aggregate amount by which each Bond has been partially redeemed, if any) pursuant to Clause 10 (*Redemption and repurchase of Bonds*) or any other amount following a split of Bonds pursuant to Clause 20.2, paragraph (j).

“Outstanding Bonds” means any Bonds not redeemed or otherwise discharged.

“Overdue Amount” means any amount required to be paid by the Issuer under any of the Finance Documents but not made available to the Bondholders on the relevant Payment Date or otherwise not paid on its applicable due date.

“Partial Payment” means a payment that is insufficient to discharge all amounts then due and payable under the Finance Documents.

“Paying Agent” means the legal entity appointed by the Issuer to act as its paying agent with respect to the Bonds in the CSD.

“Payment Date” means any Interest Payment Date or any Repayment Date.

“Permitted Financial Indebtedness” means:

- (a) Financial Indebtedness incurred under the Bond Terms;
- (b) Any financing by banks of receivables for services or products sold by Group Companies for working capital purposes;
- (c) Any borrowings pursuant to the USD 10 million Revolving Credit Facility;
- (d) Any utilizations made of the USD 20 million Guarantee Facility;
- (e) Any indemnity issued in connection with bid and performance guarantees issued by banks to customers related to a contract to be performed by a Group Company and/or other guarantees issued in the ordinary course of business not exceeding USD 5 million in the aggregate;
- (f) Any Intercompany Loans, provided that such Intercompany Loans in case of default will be fully subordinated to the Bonds;

- (g) Any seller's credit and retention of title arrangement (*Norwegian: "salgs pant"*) in the ordinary course of business (including in connection with credit purchase of goods and services);
- (h) Any Financial Indebtedness which is fully subordinated in to the Bonds;
- (i) Any Permitted Hedging Obligation;
- (j) Any other Financial Indebtedness not exceeding USD 10 million in the aggregate;
- (k) Any Financial Indebtedness under the Existing Bond until the Existing Bond has been redeemed;
- (l) Any refinancing of any of the above with Financial Indebtedness permitted under (a) to (j), provided that such refinancing is on no more onerous terms for the relevant Group Company.

"Permitted Hedging Obligation" means any unsecured obligation of any Group Company under a derivative transaction entered into with one or more hedging counterparties in connection with protection against or benefit from fluctuation in any rate or price, where such exposure arises in the ordinary course of business or in respect of payments to be made under the Bond Terms (but not derivative transactions entered into for the investment or speculative purposes).

"Put Option" shall have the meaning ascribed to such term in Clause 10.3 (*Mandatory repurchase due to a Put Option Event*).

"Put Option Event" means a Change of Control Event.

"Put Option Repayment Date" means the settlement date for the Put Option Event pursuant to Clause 10.3 (*Mandatory repurchase due to a Put Option Event*).

"Reference Rate" shall mean

LIBOR (London Interbank Offered Rate) being;

- (a) The interest rate which is published on Reuters Screen LIBOR01 Page (or through another system or on another website replacing the said system or website respectively) approximately 11.00 a.m. (London time) on the Interest Quotation Day and for a period comparable to the relevant Interest Period; or
- (b) if no screen rate is available for the relevant Interest Period;
 - (i) the linear interpolation between the two closest relevant interest periods, and with the same number of decimals, quoted under paragraph (a) above; or
 - (ii) a rate for deposits in the Bond Currency for the relevant Interest Period as supplied to the Bond Trustee at its request quoted by a sufficient number of commercial banks reasonably selected by the Bond Trustee; or
- (c) if no quotation is available under paragraph (b), the interest rate which according to the reasonable assessment of the Bond Trustee and the Issuer best reflects the interest rate for deposits in the Bond Currency offered for the relevant Interest Period.

In each case, if any such rate is below zero, the Reference Rate will be deemed to be zero.

"Relevant Jurisdiction" means the country in which the Bonds are issued, being Norway.

"Relevant Record Date" means the date on which a Bondholder's ownership of Bonds shall be recorded in the CSD as follows:

- (a) in relation to payments pursuant to these Bond Terms, the date designated as the Relevant Record Date in accordance with the rules of the CSD from time to time;
- (b) for the purpose of casting a vote in a Bondholders' Meeting, the date falling on the immediate preceding Business Day to the date of that Bondholders' Meeting being held, or another date as accepted by the Bond Trustee; and
- (c) for the purpose of casting a vote in a Written Resolution:
 - (i) the date falling three (3) Business Days after the Summons have been published; or,
 - (ii) if the requisite majority in the opinion of the Bond Trustee has been reached prior to the date set out in paragraph (i) above, on the date falling on the immediate Business Day prior to the date on which the Bond Trustee declares that the Written Resolution has been passed with the requisite majority.

“Repayment Date” means any Call Option Repayment Date, the Default Repayment Date, the Put Option Repayment Date, the Tax Event Repayment Date or the Maturity Date.

“Securities Trading Act” means the Securities Trading Act of 2007 no.75 of the Relevant Jurisdiction.

“Security” means a mortgage, charge, pledge, lien, security assignment or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect.

“Share Settlement Option” means the Issuer's option under clause 10.6 to settle the Bonds on the Maturity Date by issuing Shares.

“Shares” means ordinary shares in the Issuer, with ISIN NO0010358484.

“Subsidiary” means a company over which another company has Decisive Influence.

“Summons” means the call for a Bondholders' Meeting or a Written Resolution as the case may be.

“Tax Event Repayment Date” means the date set out in a notice from the Issuer to the Bondholders pursuant to Clause 10.5 (*Early redemption option due to a tax event*).

“USD 10 million Revolving Credit Facility” means the revolving credit facility dated 2 February 2015 with the Issuer as borrower and DNB Bank ASA as lender, as subsequently amended, and any replacement thereof.

“USD 20 million Guarantee Facility” means the Committed Guarantee Facility dated 27 April 2012 with the Issuer as borrower and DNB ASA as lender in an amount of up to USD 20 million available for payment, bid and performance bonds in connection with needs in its daily operation, as subsequently amended, and any replacement thereof.

“Valuation Date” means the date three (3) Dealing Days prior to the Maturity Date.

“Volume Weighted Average Price” means the volume-weighted average price of a Share on the Market Place on any Dealing Day, translated into USD at the spot rate of exchange prevailing at the close of business on each such Dealing Day, provided that if on any such Dealing Day where such price is not available or cannot otherwise be determined as provided above, the Volume Weighted Average Price shall be the Volume Weighted Average Price, determined as provided above, on the immediately preceding Dealing Day on which the same can be so determined.

“Voting Bonds” means the Outstanding Bonds less the Issuer's Bonds and a Voting Bond shall mean any single one of those Bonds.

“Written Resolution” means a written (or electronic) solution for a decision making among the Bondholders, as set out in Clause 19.5 (*Written Resolutions*).

1.2 Construction

In these Bond Terms, unless the context otherwise requires:

- (a) headings are for ease of reference only;
- (b) words denoting the singular number will include the plural and vice versa;
- (c) references to Clauses are references to the Clauses of these Bond Terms;
- (d) references to a time are references to Central European time unless otherwise stated;
- (e) references to a provision of “**law**” is a reference to that provision as amended or re-enacted, and to any regulations made by the appropriate authority pursuant to such law;
- (f) references to a “**regulation**” includes any regulation, rule, official directive, request or guideline by any official body;
- (g) references to a “**person**” means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, unincorporated organization, government, or any agency or political subdivision thereof or any other entity, whether or not having a separate legal personality;
- (h) references to Bonds being “**redeemed**” means that such Bonds are cancelled and discharged in the CSD in a corresponding amount, and that any amounts so redeemed may not be subsequently re-issued under these Bond Terms;
- (i) references to Bonds being “**purchased**” or “**repurchased**” by the Issuer means that such Bonds may be dealt with by the Issuer as set out in Clause 11.1 (*Issuer’s purchase of Bonds*),
- (j) references to persons “**acting in concert**” shall be interpreted pursuant to the relevant provisions of the Securities Trading Act; and
- (k) an Event of Default is “**continuing**” if it has not been remedied or waived.

2. THE BONDS

2.1 Amount, denomination and ISIN of the Bonds

- a) The Issuer has resolved to issue a series of Bonds in the amount of USD 32,500,000.
- b) The Bonds are denominated in US Dollars (USD), being the legal currency of the United States of America.
- c) The Initial Nominal Amount of each Bond is USD 100.
- d) The ISIN of the Bonds is NO 0010821010. All Bonds issued under the same ISIN will have identical terms and conditions as set out in these Bond Terms.

2.2 Tenor of the Bonds

The tenor of the Bonds is from and including the Issue Date to but excluding the Maturity Date.

2.3 Use of proceeds

The Issuer will use the net proceeds from the issuance of the Bonds to refinance the Issuer’s outstanding senior unsecured callable bond issue 2013/2019 with NO 001 068253.7.

2.4 Status of the Bonds

The Bonds will constitute senior debt obligations of the Issuer. The Bonds will rank pari passu between themselves and will rank at least pari passu with all other obligations of the Issuer (save for such claims which are preferred by bankruptcy, insolvency, liquidation or other similar laws of general application).

2.5 Transaction Security

The Bonds are unsecured.

3. THE BONDHOLDERS

3.1 Bond Terms binding on all Bondholders

By virtue of being registered as a Bondholder (directly or indirectly) with the CSD, the Bondholders are bound by these Bond Terms and any other Finance Document, without any further action required to be taken or formalities to be complied with by the Bond Trustee, the Bondholders, the Issuer or any other party.

The Bond Trustee is always acting with binding effect on behalf of all the Bondholders.

3.2 Limitation of rights of action

No Bondholder is entitled to take any enforcement action, instigate any insolvency procedures, or take other action against the Issuer or any other party in relation to any of the liabilities of the Issuer or any other party under or in connection with the Finance Documents, other than through the Bond Trustee and in accordance with these Bond Terms, provided, however, that the Bondholders shall not be restricted from exercising any of their individual rights derived from these Bond Terms, including the right to exercise the Put Option.

Each Bondholder shall immediately upon request by the Bond Trustee provide the Bond Trustee with any such documents, including a written power of attorney (in form and substance satisfactory to the Bond Trustee), as the Bond Trustee deems necessary for the purpose of exercising its rights and/or carrying out its duties under the Finance Documents. The Bond Trustee is under no obligation to represent a Bondholder which does not comply with such request.

3.3 Bondholders' rights

If a beneficial owner of a Bond not being registered as a Bondholder wishes to exercise any rights under the Finance Documents, it must obtain proof of ownership of the Bonds, acceptable to the Bond Trustee.

A Bondholder (whether registered as such or proven to the Bond Trustee's satisfaction to be the beneficial owner of the Bond as set out in paragraph 3.3 above) may issue one or more powers of attorney to third parties to represent it in relation to some or all of the Bonds held or beneficially owned by such Bondholder. The Bond Trustee shall only have to examine the face of a power of attorney or similar evidence of authorisation that has been provided to it pursuant to this Clause 3.3 (Bondholders' rights) and may assume that it is in full force and effect, unless otherwise is apparent from its face or the Bond Trustee has actual knowledge to the contrary.

4. ADMISSION TO LISTING

The Issuer shall within 6 months of the Issue Date apply for the Bonds to be admitted to listing on the Exchange.

5. REGISTRATION OF THE BONDS

5.1 Registration in the CSD

The Bonds shall be registered in dematerialised form in the CSD according to the relevant securities registration legislation and the requirements of the CSD.

5.2 Obligation to ensure correct registration

The Issuer will at all times ensure that the registration of the Bonds in the CSD is correct and shall immediately upon any amendment or variation of these Bond Terms give notice to the CSD of any such amendment or variation.

5.3 Country of issuance

The Bonds have not been issued under any other country's legislation than that of the Relevant Jurisdiction. Save for the registration of the Bonds in the CSD, the Issuer is under no obligation to register, or cause the registration of, the Bonds in any other registry or under any other legislation than that of the Relevant Jurisdiction

6. CONDITIONS FOR DISBURSEMENT

6.1 Conditions precedent for disbursement to the Issuer

- (a) Payment of the net proceeds from the issuance of the Bonds to the Issuer shall be conditional on the Bond Trustee having received in due time (as determined by the Bond Trustee) prior to the Issue Date each of the following documents, in form and substance satisfactory to the Bond Trustee:
- (i) these Bond Terms duly executed by all parties hereto;
 - (ii) certified copies of all necessary corporate resolutions of the Issuer to issue the Bonds and execute the Finance Documents to which it is a party;
 - (iii) evidence that the Bond Issue has been registered in the Company Register in accordance with Section 11-6 of the Norwegian Public Companies Act 1997;
 - (iv) a certified copy of a power of attorney (unless included in the corporate resolutions) from the Issuer to relevant individuals for their execution of the Finance Documents to which it is a party, or extracts from the relevant register or similar documentation evidencing such individuals' authorisation to execute such Finance Documents on behalf of the Issuer;
 - (v) certified copies of the Issuer's articles of association and of a full extract from the relevant company register in respect of the Issuer evidencing that the Issuer is validly existing;
 - (vi) copies of the Issuer's latest Financial Reports (if any);
 - (vii) confirmation that the applicable prospectus requirements (ref the EU prospectus directive (2003/71 EC)) concerning the issuance of the Bonds have been fulfilled;
 - (viii) confirmation that the Bonds are registered in the CSD;
 - (ix) copies of any written documentation used in marketing the Bonds or made public by the Issuer or any manager in connection with the issuance of the Bonds;
 - (x) the Bond Trustee Fee Agreement duly executed by the parties thereto; and
 - (xi) legal opinions or other statements as may be required by the Bond Trustee (including in respect of corporate matters relating to the Issuer and the legality, validity and enforceability of these Bond Terms and the Finance Documents).
- (b) The Bond Trustee, acting in its reasonable discretion, may, regarding this Clause 6.1 (*Conditions precedent for disbursement to the Issuer*), waive the requirements for documentation, or decide in its discretion that delivery of certain documents shall be made subject to an agreed closing procedure between the Bond Trustee and the Issuer.

6.2 Distribution

Disbursement of the proceeds from the issuance of the Bonds is conditional on the Bond Trustee's confirmation to the Paying Agent that the conditions in Clause 6.1 (*Conditions precedent for disbursement to the Issuer*) have been either satisfied in the Bond Trustee's discretion or waived by the Bond Trustee pursuant to paragraph (6.1(b)) of Clause 6.1 above.

7. REPRESENTATIONS AND WARRANTIES

The Issuer makes the representations and warranties set out in this Clause 7 (*Representations and warranties*), in respect of itself to the Bond Trustee (on behalf of the Bondholders) at the following times and with reference to the facts and circumstances then existing:

- (a) at the date of these Bond Terms; and
- (b) at the Issue Date.

7.1 Status

It is a public limited liability company, duly incorporated and validly existing and registered under the laws of its jurisdiction of incorporation, and has the power to own its assets and carry on its business as it is being conducted.

7.2 Power and authority

It has the power to enter into, perform and deliver, and has taken all necessary action to authorise its entry into, performance and delivery of, this Bond Terms and any other Finance Document to which it is a party and the transactions contemplated by those Finance Documents.

7.3 Valid, binding and enforceable obligations

These Bond Terms and each other Finance Document to which it is a party constitutes (or will constitute, when executed by the respective parties thereto) its legal, valid and binding obligations, enforceable in accordance with their respective terms, and (save as provided for therein) no further registration, filing, payment of tax or fees or other formalities are necessary or desirable to render the said documents enforceable against it.

7.4 Non-conflict with other obligations

The entry into and performance by it of these Bond Terms and any other Finance Document to which it is a party and the transactions contemplated thereby do not and will not conflict with (i) any law or regulation or judicial or official order; (ii) its constitutional documents; or (iii) any agreement or instrument which is binding upon it or any of its assets.

7.5 No Event of Default

- (i) No Event of Default exists or is likely to result from the making of any drawdown under these Bond Terms or the entry into, the performance of, or any transaction contemplated by, any Finance Document.
- (ii) No other event or circumstance has occurred which constitutes (or with the expiry of any grace period, the giving of notice, the making of any determination or any combination of any of the foregoing, would constitute) a default or termination event (howsoever described) under any other agreement or instrument which is binding on it or any of its Subsidiaries or to which its (or any of its Subsidiaries') assets are subject which has or is likely to have a Material Adverse Effect.

7.6 Authorizations and consents

All authorisations, consents, approvals, resolutions, licenses, exemptions, filings, notarizations or registrations required:

- (i) to enable it to enter into, exercise its rights and comply with its obligations under this Bond Terms or any other Finance Document to which it is a party; and
 - (ii) to carry on its business as presently conducted and as contemplated by these Bond Terms,
- have been obtained or effected and are in full force and effect.

7.7 Litigation

No litigation, arbitration or administrative proceedings or investigations of or before any court, arbitral body or agency which, if adversely determined, is likely to have a Material Adverse Effect have (to the best of its knowledge and belief) been started or threatened against it or any of its Subsidiaries.

7.8 Financial Reports

Its most recent Financial Reports fairly and accurately represent the assets and liabilities and financial condition as at their respective dates, and have been prepared in accordance with IFRS, consistently applied.

7.9 No Material Adverse Effect

Since the date of the most recent Financial Reports, there has been no change in its business, assets or financial condition that is likely to have a Material Adverse Effect.

7.10 No misleading information

Any factual information provided by it to the Bondholders or the Bond Trustee for the purposes of the issuance of the Bonds was true and accurate in all material respects as at the date it was provided or as at the date (if any) at which it is stated.

7.11 No withholdings

The Issuer is not required to make any deduction or withholding from any payment which it may become obliged to make to the Bond Trustee or the Bondholders under these Bond Terms.

7.12 Pari passu ranking

Its payment obligations under these Bond Terms or any other Finance Document to which it is a party ranks as set out in Clause 2.4.

7.13 Security

No Security exists over any of the present assets of any Group Company in conflict with these Bond Terms.

8. PAYMENTS IN RESPECT OF THE BONDS

8.1 Covenant to pay

- (a) The Issuer will unconditionally make available to or to the order of the Bond Trustee and/or the Paying Agent all amounts due on each Payment Date pursuant to the terms of these Bond Terms at such times and to such accounts as specified by the Bond Trustee and/or the Paying Agent in advance of each Payment Date or when other payments are due and payable pursuant to these Bond Terms.
- (b) All payments to the Bondholders in relation to the Bonds shall be made to each Bondholder registered as such in the CSD at the Relevant Record Date, by, if no specific order is made by the Bond Trustee, crediting the relevant amount to the bank account nominated by such Bondholder in connection with its securities account in the CSD.
- (c) Payment constituting good discharge of the Issuer's payment obligations to the Bondholders under these Bond Terms will be deemed to have been made to each Bondholder once the amount has been credited to the bank holding the bank account nominated by the Bondholder in connection with its securities account in the CSD. If the paying bank and the receiving bank are the same, payment shall be deemed to have been made once the amount has been credited to the bank account nominated by the Bondholder in question.
- (d) If a Payment Date or a date for other payments to the Bondholders pursuant to the Finance Documents falls on a day on which either of the relevant CSD settlement system or the relevant currency settlement system for the Bonds are not open, the payment shall be made on the first following possible day on which both of the said systems are open, unless any provision to the contrary have been set out for such payment in the relevant Finance Document.

8.2 Default interest

- (a) Default interest will accrue on any Overdue Amount from and including the Payment Date on which it was first due to and excluding the date on which the payment is made at the Interest Rate plus an additional three (3) per cent. per annum.
- (b) Default interest accrued on any Overdue Amount pursuant to this Clause 8.2 (*Default interest*) will be added to the Overdue Amount on each Interest Payment Date until the Overdue Amount and default interest accrued thereon have been repaid in full.

8.3 Partial Payments

- (a) If the Paying Agent or the Bond Trustee receives a Partial Payment, such Partial Payment shall, in respect of the Issuer's debt under the Finance Documents be considered made for discharge of the debt of the Issuer in the following order of priority:
 - (i) firstly, towards any outstanding fees, liabilities and expenses of the Bond Trustee;
 - (ii) secondly, towards accrued interest due but unpaid; and
 - (iii) thirdly, towards any principal amount due but unpaid.
- (b) Notwithstanding paragraph (a) above, any Partial Payment which is distributed to the Bondholders, shall, after the above mentioned deduction of outstanding fees, liabilities and expenses, be applied (i) firstly towards any principal amount due but unpaid and (ii) secondly, towards accrued interest due but unpaid, in the following situations:
 - (i) the Bond Trustee has served a Default Notice in accordance with Clause 18.2 (Acceleration of the Bonds), or
 - (ii) as a result of a resolution according to Clause 19 (Bondholders' decisions).

8.4 Taxation

- (a) The Issuer is responsible for withholding any withholding tax imposed by applicable law on any payments to be made by it in relation to the Finance Documents.
- (b) The Issuer shall not be liable to gross-up any payments in relation to the Finance Documents by virtue of withholding tax, public levy or similar taxes.
- (c) Any public fees levied on the trade of Bonds in the secondary market shall be paid by the Bondholders, unless otherwise provided by law or regulation, and the Issuer shall not be responsible for reimbursing any such fees.

8.5 Currency

- (a) All amounts payable under the Finance Documents shall be payable in the denomination of the Bonds set out in Clause 2.1 (*Amount, denomination and ISIN of the Bonds*). If, however, the denomination differs from the currency of the bank account connected to the Bondholder's account in the CSD, any cash settlement may be exchanged and credited to this bank account.
- (b) Any specific payment instructions, including foreign exchange bank account details, to be connected to the Bondholder's account in the CSD must be provided by the relevant Bondholder to the Paying Agent (either directly or through its account manager in the CSD) within five (5) Business Days prior to a Payment Date. Depending on any currency exchange settlement agreements between each Bondholder's bank and the Paying Agent, and opening hours of the receiving bank, cash settlement may be delayed, and payment shall be deemed to have been made once the cash settlement has taken place, provided, however, that no default interest or other penalty shall accrue for the account of the Issuer for such delay.

8.6 Set-off and counterclaims

- (a) The Issuer may not apply or perform any counterclaims or set-off against any payment obligations pursuant to these Bond Terms or any other Finance Document

9. INTEREST

9.1 Calculation of interest

- (a) Each Outstanding Bond will accrue interest at the Interest Rate on the Nominal Amount for each Interest Period, commencing on and including the first date of the Interest Period, and ending on but excluding the last date of the Interest Period.
- (b) Interest shall be calculated on the basis of the actual number of days in the Interest Period in respect of which payment is being made divided by 360 (actual/360-days basis). The Interest Rate will be reset at each Interest Quotation Day by the Bond Trustee, who will notify the Issuer and the Paying Agent and, if the Bonds are listed, the Exchange, of the new Interest Rate and the actual number of calendar days for the next Interest Period.

9.2 Payment of interest

Interest shall fall due on each Interest Payment Date for the corresponding preceding Interest Period and, with respect to accrued interest on the principal amount then due and payable, on each Repayment Date.

10. REDEMPTION AND REPURCHASE OF BONDS

10.1 Redemption of Bonds

The Outstanding Bonds will mature in full on the Maturity Date and shall be redeemed by the Issuer on the Maturity Date at a price equal to 100 per cent of the Nominal Amount.

10.2 Voluntary early redemption - Call Option

- (a) The Issuer may redeem the Bonds (in whole or in part) (the “**Call Option**”) on any Business Day from and including the First Call Date to, but not including, the Maturity Date at a price equal to 101 per cent. of the Nominal Amount for each redeemed Bond (plus accrued interest).
- (b) Any redemption of Bonds pursuant to Clause 10.2 (a) above shall be determined based upon the redemption prices applicable on the Call Option Repayment Date.
- (c) The Call Option may be exercised by the Issuer by written notice to the Bond Trustee and the Bondholders at least twenty (20) Business Days prior to the proposed Call Option Repayment Date. Such notice sent by the Issuer is irrevocable and shall specify the Call Option Repayment Date.
- (d) Any Call Option exercised in part will be used for pro rata payment to the Bondholders in accordance with the applicable regulations of the CSD.
- (e) Each Bondholder may within the Exercise Period elect to exercise its Conversion Right within 14 (fourteen) calendar days after having received the Issuer’s call option notice.

10.3 Mandatory repurchase due to a Put Option Event

- (a) Upon the occurrence of a Put Option Event, each Bondholder shall at any time during the period commencing on the date on which a Put Option Event occurs and ending sixty (60) calendar days following such date or, if later, sixty (60) calendar days period following the notification of a Put Option Event, be entitled at its option to (at each Bondholder’s discretion) either:
 - (i) require early redemption of its Bonds (the “**Put Option**”) at par value plus accrued interest; or
 - (ii) convert Bonds at the Change of Control Conversion Price, as set out below (adjusted to reflect any previous adjustment to the Conversion Price (if applicable)):

$$\text{COCCP} = \text{OCP} / (1 + (\text{CP} \times c/t))$$

Where

COCCP: Change of Control Conversion Price

OCP: current Conversion Price

CP: Conversion Premium, being the percentage by which the initial Conversion Price exceeds the Volume Weighted Average Price of the Share for a period of 15 Dealing Days ending on the Issue Date.

c: number of days from and including the date the Change of Control Event occurs to but excluding the Maturity Date

t: number of days from and including the Issue Date to but excluding the Maturity Date

The number of Shares required to be issued shall be determined by dividing the principal amount of the Bonds by the Change of Control Conversion Price in effect on the relevant conversion date.

A Put Option Event shall not apply in the event of a consolidation, amalgamation or merger of the Issuer with any corporation or in case of a sale or transfer of all or substantially all of the assets of the Issuer which would have similar effect as a merger (a "**Merger**") if (a) the Issuer is the continuing corporation or (b) the Issuer, in the reasonable opinion of the Bond Trustee, has taken necessary steps to ensure that each Bond then outstanding will be convertible into the class and amount of shares and other securities, property or cash receivable upon such consolidation, amalgamation or merger by a holder of the number of Shares which would have become liable to be issued upon exercise of Conversion Rights immediately prior to such consolidation, amalgamation or merger.

- (b) The Put Option must be exercised within 60 calendar days after the Issuer has given notice to the Bond Trustee and the Bondholders that a Put Option Event has occurred. Once notified, the Bondholders' right to exercise the Put Option is irrevocable and will not be affected by any subsequent events related to the Issuer.
- (c) Each Bondholder may exercise its Put Option by written notice to its Account Manager, who will notify the Paying Agent of the exercise of the Put Option. The Put Option Repayment Date will be the fifth Business Day after the end of the 60 calendar days exercise period referred to in paragraph (b) above. However, the settlement of the Put Option will be based on each Bondholders holding of Bonds at the Put Option Redemption Date.
- (d) If Bonds representing more than 90 per cent. of the Outstanding Bonds have been repurchased pursuant to this Clause 10.3 (*Mandatory repurchase due to a Put Option Event*), the Issuer is entitled to repurchase all the remaining Outstanding Bonds at the price stated in paragraph (a) above by notifying the remaining Bondholders of its intention to do so no later than 20 calendar days after the Put Option Repayment Date. Such prepayment may occur at the earliest on the 15th calendar day following the date of such notice.

10.4 Clean-up Call

The Issuer may at any time during the term of the Bonds, provided that 90% or more of the original issued Bonds have been redeemed or converted into Shares call all, but not some only, of the outstanding Bonds at par value plus accrued interest (the "Clean-up call option"). Should the Issuer exercise the Clean-up call option, the Bond Trustee and the Bondholders must be informed of this (the Bondholders in writing via the CSD) no later than 20 Business Days before the date of redemption. Each Bondholder may within the Exercise Period elect to exercise its Conversion Right after having received the Issuer's Clean-up call option notice.

10.5 Early redemption option due to a tax event

If the Issuer is or will be required to gross up any withheld tax imposed by law from any payment in respect of the Bonds under the Finance Documents pursuant to Clause 8.4 (*Taxation*) as a result of a change in applicable law implemented after the date of these Bond Terms, the Issuer will have the right to redeem all, but not only some, of the

Outstanding Bonds at a price equal to 100 per cent. of the Nominal Amount. The Issuer shall give written notice of such redemption to the Bond Trustee and the Bondholders at least twenty (20) Business Days prior to the Tax Event Repayment Date, provided that no such notice shall be given earlier than 60 days prior to the earliest date on which the Issuer would be obliged to withhold such tax were a payment in respect of the Bonds then due.

10.6 Share settlement option

The Issuer may redeem the Bonds on the Maturity Date by exercising a Share Settlement Option with respect to all of the Bonds, but not some only, provided that the Shares are listed on the Exchange and no Event of Default has occurred, by giving notice to the Bond Trustee and the Bondholders not more than 60 nor less than 30 calendar days prior to the Maturity Date.

The Issuer shall exercise the Share Settlement Option by:

- (a) issuing or transferring and delivering to the relevant Bondholder such number of Shares as is determined by dividing the aggregate principal amount of such Bondholder's Bonds by the Conversion Price in effect on the Valuation Date;
- (b) making payment to the relevant Bondholder of an amount (the "**Cash Settlement Amount**") equal to the amount (if any) by which the principal aggregate amount of such Bonds exceeds the product of the Current Value of a Share on the Valuation Date and the whole number of Shares deliverable to such Bondholder in accordance with (a) above; and
- (c) making or procuring payment to the relevant Bondholder in cash of any accrued and unpaid interest in respect of such Bonds up to the Maturity Date.

Fractions of Shares will not be issued or transferred or delivered pursuant to this Clause 10.6 (and for the avoidance of doubt no cash payment will be made in lieu thereof).

When used in this Clause 10.6, the "**Current Value**" in respect of a Share on the Valuation Date shall mean 99% of the average of the Volume Weighted Average Price of the Shares for the twenty consecutive Dealing Days ending on the Valuation Date, translated into USD at the spot rate of exchange prevailing at the close of business on each such Dealing Day.

11. PURCHASE AND TRANSFER OF BONDS

11.1 Issuer's purchase of Bonds

The Issuer may purchase and hold Bonds and such Bonds may be retained, sold or cancelled in the Issuer's sole discretion, (including with respect to Bonds purchased pursuant to Clause 10.3 (*Mandatory repurchase due to a Put Option Event*)).

11.2 Restrictions

- (a) Certain purchase or selling restrictions may apply to Bondholders under applicable local laws and regulations from time to time. Neither the Issuer nor the Bond Trustee shall be responsible to ensure compliance with such laws and regulations and each Bondholder is responsible for ensuring compliance with the relevant laws and regulations at its own cost and expense.
- (b) A Bondholder who has purchased Bonds in breach of applicable restrictions may, notwithstanding such breach, benefit from the rights attached to the Bonds pursuant to these Bond Terms (including, but not limited to, voting rights), provided that the Issuer shall not incur any additional liability by complying with its obligations to such Bondholder.

12. CONVERSION TERMS

12.1 Bondholders' Conversion Right

Each Bondholder may exercise one or more of his Conversion Right(s) at the Conversion Price at any time during the Exercise Period provided that the relevant Bondholder at the Conversion Date has the right to own Shares under the applicable law and that notification thereof is given pursuant to Clause 12.4.

12.2 Separation of the Conversion Right

The Conversion Right cannot be separated from the Bond.

12.3 Adjustment of the Conversion Right

The Conversion Price shall be adjusted pursuant to Clauses 13 and 14.

12.4 Notice

In order to exercise a Conversion Right, the Bondholder shall deliver to the Paying Agent (via its Account Manager) a duly completed, irrevocable and signed exercise notice.

Request for conversion takes place by the Bondholder notifying its Account Manager of the number of Bonds which shall be converted. The Bondholder's Account Manager shall then promptly forward the request to the Paying Agent. The Paying Agent shall carry the conversion into effect at the Conversion Date.

Conversion will be effected by a set-off of the total nominal value of the Bonds to be converted against the issuing of the whole number of shares resulting from dividing the total nominal value of the Bonds to be converted by the Conversion Price. Any excess amount beyond the whole number of shares converted by the Bonds shall fall to the Issuer.

Interest accrued since the latest Interest Payment Date but not due on a Conversion Date, shall not be paid in cash nor kind to the Bondholders, but shall accrue to the Issuer, unless the Conversion Date falls in an ex-period for a Payment Date and/or the Maturity Date, then interest due shall be paid to the relevant Bondholder.

12.5 Undertakings

The Issuer is responsible for ensuring that:

- (a) the share capital increase is registered in the Company Register as soon as possible,
- (b) the remaining Outstanding Bonds is being written down within the Conversion Date, and
- (c) Shares issued upon conversion are registered in the CSD on the Conversion Date.

If the share capital increase is not registered in the Company Register at the Conversion Date, the Issuer shall ensure that the shares following the conversion shall be temporarily registered in the CSD (with temporary ISIN).

12.6 The Shares

Shares issued upon conversion give rights in the Issuer as of the registration of the share capital increase in the Company Register, unless the general meeting of the Issuer has resolved differently.

12.7 Cash settlement option

The obligation of the Issuer to issue Shares on the exercise of any Bondholder's Conversion Rights may, at the sole discretion of the Issuer, be settled, in whole or in part, by cash payment. The cash settlement payment shall be the product of (i) the number of Shares otherwise deliverable under the Convertible Bond and in respect of which the Issuer has elected such cash settlement option and (ii) the average of the Volume Weighted Average Price for the fifteen consecutive Dealing Days immediately after the date the Issuer elects to exercise its cash settlement option in respect of the relevant Convertible Bond.

13. ADJUSTMENT OF THE CONVERSION PRICE

13.1 Share issue

In the event of a new issue of Shares in which shareholders have preferential rights to subscribe for the new shares,

(i) if the Shares are listed at a Market Place, a new Conversion Price be calculated as follows:

$$\text{new Conversion Price} = \frac{A}{B} \times \text{old Conversion Price}$$

Where:

$$A = \frac{(\text{Share Price} \times \text{number of shares before share issue}) + (\text{Share issue price} \times \text{number of new shares})}{\text{number of shares before share issue} + \text{number of new shares}}$$

B = Share Price

The "**Share Price**" is the average of the weighted average of official daily trading price on the Market Place the last three days the shares are quoted including rights.

(ii) if the Shares are not listed, each Bondholder shall have the same subscription right as the shareholders, as if the Bondholder already had exercised his conversion right.

13.2 Financial instruments

In the event of an issue of financial instruments in accordance with Chapter 11 of the Norwegian Public Limited Liability Companies Act in which existing shareholders of the Issuer have preferential rights to subscribe for such financial instruments (the "**Subscription Rights**"),

(i) if the Shares are listed on a Market Place, a new Conversion Price shall be calculated as follows:

$$\text{new Conversion Price} = \frac{\text{Average Subscription Period Price}}{\text{Average Subscription Period Price plus the Average Subscription Rights Price}} \times \text{old Conversion Price}$$

where: (a) "**Average Subscription Period Price**" means the average of the weighted average of official daily trading price of such Shares on the Market Place, measured during the period when the Subscription Rights may be exercised, and (b) "**Average Subscription Rights Price**" means either (1) if the Issuer has listed the Subscription Rights on a Market Place, the average of the weighted average of official daily trading price of such Subscription Rights on the Market Place, measured during the period when the Subscription Rights may be exercised, or (2) if the Issuer has not listed the Subscription Rights on a Market Place, the average of the trading price of the Subscription Rights calculated by a broker agreed upon by the Issuer and the Bond Trustee, measured during the period when the Subscription Rights may be exercised. Days without trading are not included in the aforesaid calculations.

(ii) if the Shares are not listed, each Bondholder shall have the same subscription right as the shareholders, as if the Bondholder already had exercised his conversion right.

13.3 Capital write-down

In the event of a capital write-down of the Issuer's share capital and subsequent repayment to shareholders,

(i) if the Shares are listed at a Market Place, a new Conversion Price be calculated as follows:

$$\text{new Conversion Price} = \frac{\text{share price less amount repaid per share}}{\text{Share price}} \times \text{old Conversion Price}$$

The "**Share Price**" is the average of the weighted average of official daily trading price on the Market Place the last three days shares are quoted including rights.

(ii) if the Shares are not listed, the Conversion Price be reduced with an amount equal to the amount repaid per share.

Reduction of the share capital without repayment to the shareholders shall have no influence on the Conversion Price.

13.4 Bonus Issue of New Shares

In the event of a Bonus Issue of new Shares (with the exception of shares issued in settlement of a merger offer), split or consolidation, the new Conversion Price shall be fixed as follows:

$$\text{new Conversion Price} = \frac{\text{Number of Shares prior to bonus issue, split or consolidation}}{\text{Number of Shares after to bonus issue, split or consolidation}} \times \text{old Conversion Price}$$

In the event that the shares are split into more than one class of shares, the conversion right shall be adjusted so that Bondholders' interest in the separate share classes remains unchanged, regardless of whether the Bondholder elects to convert prior to, or after the date on which the shares are quoted post split.

A bonus issue writing up the par value of the shares in the Issuer shall have no influence of the Conversion Price.

13.5 Dividend

Should the Issuer make a dividend distribution, in cash or in kind (including by way of distribution of shares) to shareholders of the Issuer, the Conversion Price shall be adjusted according to the principles of Clause 13.3, by reducing the Conversion Price equal to the full amount or, as the case may be in the event of a dividend distribution in kind, the fair market value of the dividend distribution received on each Share.

13.6 Approval of unfavourable changes in share capital

If changes are made in the share capital other than those mentioned in Clauses 13.1-13.5 above, which are unfavourable to the Bondholders compared to the shareholders, the Bond Trustee and the Issuer shall agree on a new Conversion Price. This also applies to other transactions, which are unfavourable to the Bondholders. The principles expressed in Clauses 13.1 to Clause 13.5 above shall always be the basis for any adjustments pursuant to this Clause.

13.7 Par value

If the Conversion Price is below par value of the Shares, par value of the shares still applies, and the Issuer shall upon conversion pay the Bondholders the difference between the par value of the Shares and the Conversion Price.

14. MERGER AND DE-MERGER

14.1 Redemption

If the Issuer prior to the expiry of the Conversion Period decides on a statutory merger (in accordance with prevailing legislation from time to time) in which the Issuer is the acquired company, each Bondholder has the right to demand the Bonds to be redeemed at par plus accrued interest.

The Issuer shall give the Bondholders written notification through the CSD at the latest five (5) Business Days after notification of the merger. The notification shall refer to the regulations and deadlines of Clause 14.2.

14.2 Notice

Request for redemption takes place by the Bondholder notifying its Account Manager at the latest two (2) months after notification of the merger. The Bondholder's Account Manager shall then promptly forward the request to the Paying Agent.

Redemption shall take place five (5) Business Days after the acquiring company has notified that the merger shall be effective.

14.3 Transfer of the conversion right

If a Bondholder does not use the right to request redemption according to Clause 14.2, the conversion right shall be transferred to a right to convert to shares in the acquiring company on terms that are adjusted to reflect the exchange ratio of the merger.

14.4 Adjustment of Conversion Price

If the Issuer decides on a merger in which the Issuer is the acquiring company, and the shareholders of the acquired company receive settlement in the form of shares only, no adjustment will be made to the Conversion Price. If the shareholders of the acquired company receive settlement in any other form, in full or partly, the Conversion Price shall be adjusted according to Clause 13.

14.5 De-merger

In the event of a de-merger, a split-up, a spin-off, split-off or if any other event occurs which in the opinion of the Bond Trustee has the same effect as a de-merger, the Issuer and the Bond Trustee shall agree on appropriate adjustments to the Conversion Right and the Conversion Price, which shall be made pursuant to the principles as set out in Clause 13.

14.6 Creditors

The provisions in this Clause 14 have no limitation on the creditor's right of objection to the merger or de-merger.

15. INFORMATION UNDERTAKINGS

15.1 Financial Reports

- (a) The Issuer shall prepare Annual Financial Statements in the English language and make them available on its website (alternatively on another relevant information platform) as soon as they become available, and not later than 120 days after the end of the financial year.
- (b) The Issuer shall prepare Interim Accounts in the English language and make them available on its website (alternatively on another relevant information platform) as soon as they become available, and not later than 60 days after the end of the relevant interim period.

15.2 Requirements as to Financial Reports

- (a) The Issuer shall supply to the Bond Trustee, in connection with the publication of its Interim Accounts pursuant to Clause 15.1 (b) (*Financial Reports*), a Compliance Certificate with a copy of the Interim Accounts attached thereto. The Compliance Certificate shall be duly signed by the chief executive officer or the chief financial officer of the Issuer, certifying inter alia that the Interim Accounts are fairly representing its financial condition as at the date of those financial statements and setting out (in reasonable detail) computations evidencing compliance with Clause 17 (*Financial Covenants*) as at such date.
- (b) The Issuer shall procure that the Financial Reports delivered pursuant to Clause 15.1 (*Financial Reports*) are prepared using IFRS consistently applied.

15.3 Put Option Event

The Issuer shall inform the Bond Trustee in writing as soon as possible after becoming aware that a Put Option Event has occurred.

15.4 Information: Miscellaneous

The Issuer shall:

- (a) promptly inform the Bond Trustee in writing of any Event of Default or any event or circumstance which the Issuer understands or could reasonably be expected to understand may lead to an Event of Default and the steps, if any, being taken to remedy it;

- (b) at the request of the Bond Trustee, report the balance of the Issuer's Bonds (to the best of its knowledge, having made due and appropriate enquiries);
- (c) send the Bond Trustee copies of any statutory notifications of the Issuer, including but not limited to in connection with mergers, de-mergers and reduction of the Issuer's share capital or equity;
- (d) if the Bonds are listed on an Exchange, send a copy to the Bond Trustee of its notices to the Exchange;
- (e) if the Issuer and/or the Bonds are rated, inform the Bond Trustee of its and/or the rating of the Bonds, and any changes to such rating;
- (f) inform the Bond Trustee of changes in the registration of the Bonds in the CSD; and
- (g) within a reasonable time, provide such information about the Issuer's and the Group's business, assets and financial condition as the Bond Trustee may reasonably request.

16. GENERAL UNDERTAKINGS

The Issuer undertakes to (and shall, where applicable, procure that the other Group Companies will) comply with the undertakings set forth in this Clause 16 (*General Undertakings*).

16.1 Authorisations

The Issuer shall, and shall procure that each other Group Company will, in all material respects obtain, maintain and comply with the terms of any authorisation, approval, license and consent required for the conduct of its business as carried out from time to time if a failure to do so would have Material Adverse Effect.

16.2 Compliance with laws

The Issuer shall, and shall procure that each other Group Company will, comply in all material respects with all laws and regulations to which it may be subject from time to time, if failure so to comply would have a Material Adverse Effect.

16.3 Continuation of business

The Issuer shall procure that no material change is made to the general nature of the business from that carried on by the Group at the Issue Date.

16.4 Mergers and de-mergers

(a) The Issuer shall not, and shall procure that no Material Subsidiary will, carry out:

- (i) any merger or other business combination or corporate reorganisation involving the consolidation of assets and obligations of the Issuer or any Material Subsidiary with any other person other than with a Group Company; or
- (ii) any demerger or other corporate reorganisation having the same or equivalent effect as a demerger involving the Issuer or any Material Subsidiary;

if such merger, demerger, combination or reorganisation would have a Material Adverse Effect.

16.5 Financial Indebtedness

- (a) Except as permitted under paragraph (b) below, the Issuer shall not, and shall procure that no other Group Company will, incur any additional Financial Indebtedness or maintain or prolong any existing Financial Indebtedness.
- (b) Paragraph (a) above shall not prohibit any Group Company to incur, maintain or prolong any Permitted Financial Indebtedness.

16.6 Financial Support

(a) Except as permitted under paragraph (b) below, the Issuer shall not, and shall procure that no other Group Company will, be a creditor in respect of any Financial Support to or for the benefit of any person not being a Group Company.

(b) Paragraph (a) above does not apply to any disposition in the ordinary course of business.

16.7 Disposals

The Issuer shall not, and shall procure that no Material Subsidiary will, sell, transfer or otherwise dispose of all or substantially all of its assets (including shares or other securities in any person) or operations (other than to a Group Company), unless such sale, transfer or disposal is carried out in the ordinary course of business on arm's length terms and would not have a Material Adverse Effect.

16.8 Related party transactions

Without limiting Clause 16.2 (*Compliance with laws*), the Issuer shall conduct all business transactions with any Affiliate at market terms and otherwise on an arm's length basis.

16.9 Ownership to Material Subsidiaries

The Issuer shall not sell, transfer, assign or otherwise dilute or dispose of any sharer, or any other ownership interest in any of the Material Subsidiaries, and shall cause each Material Subsidiary not to issue or sell any new shares, treasury shares or other ownership interest, to any third party.

16.10 Subsidiaries' distribution

The Issuer shall not permit any Subsidiary to create or permit to exist any contractual obligation (or Security) restricting the right of any Subsidiary to (i) pay dividends or make other distributions to its shareholders, (ii) pay any Financial Indebtedness to the Issuer, (iii) make any loans to the Issuer or (iv) transfer any of its assets and properties to the Issuer, except if provided in the Bond Terms.

16.11 Corporate status

The Issuer shall not, and shall ensure that no Material Subsidiary, change its type of organization or jurisdiction of organization.

16.12 Insurance

The Issuer shall, and the Issuer shall procure that each Group Company will, maintain with financially sound and reputable insurance companies, funds or underwriters adequate insurance or captive arrangements with respect to its assets, equipment and business against such liabilities, casualties and contingencies and of such types and in such amounts as are consistent with prudent business practice in their relevant jurisdiction.

16.13 Listing of shares

The Issuer shall ensure that the Issuer's shares remains listed on the Exchange, or another recognized stock exchange.

16.14 MC Library

No pledge shall exist over all or parts of the MC Library and the Issuer shall procure that no member of the Group sells or otherwise disposes of any part of the MC Library to any company outside the Group save that Group Companies may (i) license multiclient data to customers in the ordinary course of business and (ii) invite industrial partners to take equity interest in the Group's multi-client projects.

17. FINANCIAL COVENANTS

The Issuer undertakes at all times to maintain Cash and Cash Equivalents of no less than USD 2,500,000.

“Cash and Cash Equivalent” means on any date, the aggregate of the equivalent in USD on such date of the then current market value of:

- (a) cash in hand or amounts standing to the credit of any current and/or on deposit accounts with an acceptable bank; and
- (b) time deposits with acceptable banks and certificates of deposit issued, and bills of exchange accepted, by an acceptable bank,

in each case, to which any Group Company is beneficially entitled at that time and to which any such Group Company has free and unrestricted access and which is not subject to any Security.

An "**acceptable bank**" for this purpose is:

- (a) a commercial bank, savings bank and trust company which has a rating of A- or higher by Standard & Poor's, Moody's or a comparable rating from a nationally recognised credit ranking agency for its long-term debt obligations; or
- (b) a bank or financial institution which is authorised to carry on banking business in Norway.

The financial covenant will apply at all times and will be tested on a quarterly basis, to be calculated on 31 March, 30 June, 30 September and 31 December each year and reported in connection with the corresponding interim and annual reports.

18. EVENTS OF DEFAULT AND ACCELERATION OF THE BONDS

18.1 Events of Default

Each of the events or circumstances set out in this Clause 18.1 shall constitute an Event of Default:

(a) Non-payment

The Issuer and Material Subsidiaries fails to pay any amount payable by it under the Finance Documents when such amount is due for payment, unless:

- (i) its failure to pay is caused by administrative or technical error in payment systems or the CSD and payment is made within five (5) Business Days following the original due date; or
- (ii) in the discretion of the Bond Trustee, the Issuer has substantiated that it is likely that such payment will be made in full within five (5) Business Days following the original due date.

(b) Breach of other obligations

The Issuer and Material Subsidiaries does not comply with any provision of the Finance Documents other than set out under paragraph (a) (*Non-payment*) above, unless such failure is capable of being remedied and is remedied within twenty (20) Business Days after the earlier of the Issuer's actual knowledge thereof, or notice thereof is given to the Issuer by the Bond Trustee

(c) Misrepresentation

Any representation, warranty or statement (including statements in Compliance Certificates) made under or in connection with any Finance Documents is or proves to have been incorrect, inaccurate or misleading in any material respect when made or deemed to have been made, unless the circumstances giving rise to the misrepresentation are capable of remedy and are remedied within twenty (20) Business Days of the earlier of the Bond Trustee giving notice to the Issuer or the Issuer becoming aware of such misrepresentation.

(d) Cross default

If for the Issuer and Material Subsidiaries:

- (i) any Financial Indebtedness is not paid when due nor within any applicable grace period; or
- (ii) any Financial Indebtedness is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described); or
- (iii) any commitment for any Financial Indebtedness is cancelled or suspended by a creditor as a result of an event of default (however described); or
- (iv) any creditor becomes entitled to declare any Financial Indebtedness due and payable prior to its specified maturity as a result of an event of default (however described),

•provided however that the aggregate amount of such Financial Indebtedness or commitment for Financial Indebtedness falling within paragraphs (i) to (iv) above exceeds a total of USD 1.5 million (or the equivalent thereof in any other currency).

(e) Insolvency and insolvency proceedings

The Issuer and Material Subsidiaries:

- (i) is Insolvent; or
- (ii) is object of any corporate action or any legal proceedings is taken in relation to:
 - (A) the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) other than a solvent liquidation or reorganization; or
 - (B) a composition, compromise, assignment or arrangement with any creditor which may materially impair its ability to perform its payment obligations under these Bond Terms; or
 - (C) the appointment of a liquidator (other than in respect of a solvent liquidation), receiver, administrative receiver, administrator, compulsory manager or other similar officer of any of its assets; or
 - (D) enforcement of any Security over any of its or their assets having an aggregate value exceeding the threshold amount set out in paragraph 18.1 (d) (*Cross default*) above; or
 - (E) for (A) - (D) above, any analogous procedure or step is taken in any jurisdiction in respect of any such company,

however this shall not apply to any petition which is frivolous or vexatious and is discharged, stayed or dismissed within twenty (20) Business Days of commencement.

(f) Creditor's process

Any expropriation, attachment, sequestration, distress or execution affects any asset or assets of the Issuer and Material Subsidiaries having an aggregate value exceeding the threshold amount set out in paragraph 18.1 (d) (*Cross default*) above and is not discharged within twenty (20) Business Days.

(g) Unlawfulness

It is or becomes unlawful for the Issuer and Material Subsidiaries to perform or comply with any of its obligations under the Finance Documents to the extent this may materially impair:

- (i) the ability of the Issuer and Material Subsidiaries to perform its obligations under these Bond Terms; or

- (ii) the ability of the Bond Trustee to exercise any material right or power vested to it under the Finance Documents.

18.2 Acceleration of the Bonds

If an Event of Default has occurred and is continuing, the Bond Trustee may, in its discretion in order to protect the interests of the Bondholders, or upon instruction received from the Bondholders pursuant to Clause 18.3 (*Bondholders' instructions*) below, by serving a Default Notice:

- (a) declare that the Outstanding Bonds, together with accrued interest and all other amounts accrued or outstanding under the Finance Documents be immediately due and payable, at which time they shall become immediately due and payable; and/or
- (b) exercise any or all of its rights, remedies, powers or discretions under the Finance Documents or take such further measures as are necessary to recover the amounts outstanding under the Finance Documents.

18.3 Bondholders' instructions

The Bond Trustee shall serve a Default Notice pursuant to Clause 18.2 (*Acceleration of the Bonds*) if:

- (a) the Bond Trustee receives a demand in writing from Bondholders representing a simple majority of the Voting Bonds, that an Event of Default shall be declared, and a Bondholders' Meeting has not made a resolution to the contrary; or
- (b) the Bondholders' Meeting, by a simple majority decision, has approved the declaration of an Event of Default.

18.4 Calculation of claim

The claim derived from the Outstanding Bonds due for payment as a result of the serving of a Default Notice will be calculated at the prices set out in Clause 10.2 (*Voluntary early redemption – Call Option*) as applicable at the following dates (and regardless of the Default Repayment Date set out in the Default Notice):

- (i) for any Event of Default arising out of a breach of Clause 18.1 (*Events of Default*) paragraph (a) (*Non-payment*), the claim will be calculated at the price applicable at the date when such Event of Default occurred; and
- (ii) for any other Event of Default, the claim will be calculated at the price applicable at the date when the Default Notice was served by the Bond Trustee.

19. BONDHOLDERS' DECISIONS

19.1 Authority of the Bondholders' Meeting

- (a) A Bondholders' Meeting may, on behalf of the Bondholders, resolve to alter any of these Bond Terms, including, but not limited to, any reduction of principal or interest and any conversion of the Bonds into other capital classes.
- (b) The Bondholders' Meeting cannot resolve that any overdue payment of any instalment shall be reduced unless there is a pro rata reduction of the principal that has not fallen due, but may resolve that accrued interest (whether overdue or not) shall be reduced without a corresponding reduction of principal.
- (c) The Bondholders' Meeting may not adopt resolutions which will give certain Bondholders an unreasonable advantage at the expense of other Bondholders.
- (d) Subject to the power of the Bond Trustee to take certain action as set out in Clause 20.1 (*Power to represent the Bondholders*), if a resolution by, or an approval of, the Bondholders is required, such resolution may be passed at a Bondholders' Meeting. Resolutions passed at any Bondholders' Meeting will be binding upon all Bondholders.

- (e) At least 50 per cent. of the Voting Bonds must be represented at a Bondholders' Meeting for a quorum to be present.
- (f) Resolutions will be passed by simple majority of the Voting Bonds represented at the Bondholders' Meeting, unless otherwise set out in paragraph (g) below.
- (g) Save for any amendments or waivers which can be made without resolution pursuant to Clause 21.1 (*Procedure for amendments and waivers*) paragraph (a), section (i) and (ii), a majority of at least 2/3 of the Voting Bonds represented at the Bondholders' Meeting is required for approval of any waiver or amendment of any provisions of these Bond Terms, including a change of Issuer and change of Bond Trustee.

19.2 Procedure for arranging a Bondholders' Meeting

- (a) A Bondholders' Meeting shall be convened by the Bond Trustee upon the request in writing of:
 - (i) the Issuer;
 - (ii) Bondholders representing at least 1/10 of the Voting Bonds;
 - (iii) the Exchange, if the Bonds are listed and the Exchange is entitled to do so pursuant to the general rules and regulations of the Exchange; or
 - (iv) the Bond Trustee.

The request shall clearly state the matters to be discussed and resolved.

- (b) If the Bond Trustee has not convened a Bondholders' Meeting within ten (10) Business Days after having received a valid request for calling a Bondholders' Meeting pursuant to paragraph (a) above, then the requesting party may itself call the Bondholders' Meeting.
- (c) Summons to a Bondholders' Meeting must be sent no later than ten (10) Business Days prior to the proposed date of the Bondholders' Meeting. The Summons shall be sent to all Bondholders registered in the CSD at the time the Summons is sent from the CSD. If the Bonds are listed, the Issuer shall ensure that the Summons is published in accordance with the applicable regulations of the Exchange. The Summons shall also be published on the website of the Bond Trustee (alternatively by press release or other relevant information platform).
- (d) Any Summons for a Bondholders' Meeting must clearly state the agenda for the Bondholders' Meeting and the matters to be resolved. The Bond Trustee may include additional agenda items to those requested by the person calling for the Bondholders' Meeting in the Summons. If the Summons contains proposed amendments to these Bond Terms, a description of the proposed amendments must be set out in the Summons.
- (e) Items which have not been included in the Summons may not be put to a vote at the Bondholders' Meeting.
- (f) By written notice to the Issuer, the Bond Trustee may prohibit the Issuer from acquiring or dispose of Bonds during the period from the date of the Summons until the date of the Bondholders' Meeting, unless the acquisition of Bonds is made by the Issuer pursuant to Clause 10 (*Redemption and Repurchase of Bonds*).
- (g) A Bondholders' Meeting may be held on premises selected by the Bond Trustee, or if paragraph (b) above applies, by the person convening the Bondholders' Meeting (however to be held in the capital of the Relevant Jurisdiction). The Bondholders' Meeting will be opened and, unless otherwise decided by the Bondholders' Meeting, chaired by the Bond Trustee. If the Bond Trustee is not present, the Bondholders' Meeting will be opened by a Bondholder and be chaired by a representative elected by the Bondholders' Meeting (the Bond Trustee or such other representative, the "**Chairperson**").
- (h) Each Bondholder, the Bond Trustee and, if the Bonds are listed, representatives of the Exchange, or any person or persons acting under a power of attorney for a Bondholder, shall have the right to attend the Bondholders'

Meeting (each a “**Representative**”). The Chairperson may grant access to the meeting to other persons not being Representatives, unless the Bondholders' Meeting decides otherwise. In addition, each Representative has the right to be accompanied by an advisor. In case of dispute or doubt with regard to whether a person is a Representative or entitled to vote, the Chairperson will decide who may attend the Bondholders' Meeting and exercise voting rights.

- (i) Representatives of the Issuer have the right to attend the Bondholders' Meeting. The Bondholders Meeting may resolve to exclude the Issuer's representatives and/or any person holding only Issuer's Bonds (or any representative of such person) from participating in the meeting at certain times, however, the Issuer's representative and any such other person shall have the right to be present during the voting.
- (j) Minutes of the Bondholders' Meeting must be recorded by, or by someone acting at the instruction of, the Chairperson. The minutes must state the number of Voting Bonds represented at the Bondholders' Meeting, the resolutions passed at the meeting, and the results of the vote on the matters to be decided at the Bondholders' Meeting. The minutes shall be signed by the Chairperson and at least one other person. The minutes will be deposited with the Bond Trustee who shall make available a copy to the Bondholders and the Issuer upon request.
- (k) The Bond Trustee will ensure that the Issuer, the Bondholders and the Exchange are notified of resolutions passed at the Bondholders' Meeting and that the resolutions are published on the website of the Bond Trustee (or other relevant electronically platform or press release).
- (l) The Issuer shall bear the costs and expenses incurred in connection with convening a Bondholders' Meeting regardless of who has convened the Bondholders' Meeting, including any reasonable costs and fees incurred by the Bond Trustee.

19.3 Voting rules

- (a) Each Bondholder (or person acting for a Bondholder under a power of attorney) may cast one vote for each Voting Bond owned on the Relevant Record Date, ref. Clause 3.3 (*Bondholders' rights*). The Chairperson may, in its sole discretion, decide on accepted evidence of ownership of Voting Bonds.
- (b) Issuer's Bonds shall not carry any voting rights. The Chairperson shall determine any question concerning whether any Bonds will be considered Issuer's Bonds.
- (c) For the purposes of this Clause 19 (*Bondholders' decisions*), a Bondholder that has a Bond registered in the name of a nominee will, in accordance with Clause 3.3 (*Bondholders' rights*), be deemed to be the owner of the Bond rather than the nominee. No vote may be cast by any nominee if the Bondholder has presented relevant evidence to the Bond Trustee pursuant to Clause 3.3 (*Bondholders' rights*) stating that it is the owner of the Bonds voted for. If the Bondholder has voted directly for any of its nominee registered Bonds, the Bondholder's votes shall take precedence over votes submitted by the nominee for the same Bonds.
- (d) Any of the Issuer, the Bond Trustee and any Bondholder has the right to demand a vote by ballot. In case of parity of votes, the Chairperson will have the deciding vote.

19.4 Repeated Bondholders' Meeting

- (a) Even if the necessary quorum set out in paragraph (d) of Clause 19.1 (*Authority of the Bondholders' Meeting*) is not achieved, the Bondholders' Meeting shall be held and voting completed for the purpose of recording the voting results in the minutes of the Bondholders' Meeting. The Bond Trustee or the person who convened the initial Bondholders' Meeting may, within ten (10) Business Days of that Bondholders' Meeting, convene a repeated meeting with the same agenda as the first meeting.
- (b) The provisions and procedures regarding Bondholders' Meetings as set out in Clause 19.1 (*Authority of the Bondholders' Meeting*), Clause 19.2 (*Procedure for arranging a Bondholders' Meeting*) and Clause 19.3 (*Voting rules*) shall apply *mutatis mutandis* to a repeated Bondholders' Meeting, with the exception that the

quorum requirements set out in paragraph (d) of Clause 19.1 (*Authority of the Bondholders' Meeting*) shall not apply to a repeated Bondholders' Meeting. A Summons for a repeated Bondholders' Meeting shall also contain the voting results obtained in the initial Bondholders' Meeting.

- (c) A repeated Bondholders' Meeting may only be convened once for each original Bondholders' Meeting. A repeated Bondholders' Meeting may be convened pursuant to the procedures of a Written Resolution in accordance with Clause 19.5 (*Written Resolutions*), even if the initial meeting was held pursuant to the procedures of a Bondholders' Meeting in accordance with Clause 19.2 (*Procedure for arranging a Bondholders' Meeting*) and vice versa.

19.5 Written Resolutions

- (a) Subject to these Bond Terms, anything which may be resolved by the Bondholders in a Bondholders' Meeting pursuant to Clause 19.1 (*Authority of the Bondholders' Meeting*) may also be resolved by way of a Written Resolution. A Written Resolution passed with the relevant majority is as valid as if it had been passed by the Bondholders in a Bondholders' Meeting, and any reference in any Finance Document to a Bondholders' Meeting shall be construed accordingly.
- (b) The person requesting a Bondholders' Meeting may instead request that the relevant matters are to be resolved by Written Resolution only, unless the Bond Trustee decides otherwise.
- (c) The Summons for the Written Resolution shall be sent to the Bondholders registered in the CSD at the time the Summons is sent from the CSD and published at the Bond Trustee's web site, or other relevant electronic platform or via press release.
- (d) The provisions set out in Clause 19.1 (*Authority of the Bondholders' Meeting*), 19.2 (*Procedure for arranging a Bondholder's Meeting*), Clause 19.3 (*Voting Rules*) and Clause 19.4 (*Repeated Bondholders' Meeting*) shall apply *mutatis mutandis* to a Written Resolution, except that:
 - (i) the provisions set out in paragraphs (g), (h) and (i) of Clause 19.2 (*Procedure for arranging Bondholders Meetings*); or
 - (ii) provisions which are otherwise in conflict with the requirements of this Clause 19.5 (*Written Resolution*), shall not apply to a Written Resolution.
- (e) The Summons for a Written Resolution shall include:
 - (i) instructions as to how to vote to each separate item in the Summons (including instructions as to how voting can be done electronically if relevant); and
 - (ii) the time limit within which the Bond Trustee must have received all votes necessary in order for the Written Resolution to be passed with the requisite majority (the "**Voting Period**"), such Voting Period to be at least three (3) Business Days but not more than fifteen (15) Business Days from the date of the Summons, provided however that the Voting Period for a Written Resolution summoned pursuant to Clause 19.4 (*Repeated Bondholders' Meeting*) shall be at least ten (10) Business Days but not more than fifteen (15) Business Days from the date of the Summons.
- (f) Only Bondholders of Voting Bonds registered with the CSD on the Relevant Record Date, or the beneficial owner thereof having presented relevant evidence to the Bond Trustee pursuant to Clause 3.3 (*Bondholders' rights*), will be counted in the Written Resolution.
- (g) A Written Resolution is passed when the requisite majority set out in paragraph (e) or paragraph (f) of Clause 19.1 (*Authority of Bondholders' Meeting*) has been achieved, based on the total number of Voting Bonds, even if the Voting Period has not yet expired. A Written Resolution may also be resolved if the sufficient numbers of negative votes are received prior to the expiry of the Voting Period.

- (h) The effective date of a Written Resolution passed prior to the expiry of the Voting Period is the date when the resolution is approved by the last Bondholder that results in the necessary voting majority being achieved.
- (i) If no resolution is passed prior to the expiry of the Voting Period, the number of votes shall be calculated at the close of business on the last day of the Voting Period, and a decision will be made based on the quorum and majority requirements set out in paragraphs (d) to (f) of Clause 19.1 (*Authority of Bondholders' Meeting*).

20. THE BOND TRUSTEE

20.1 Power to represent the Bondholders

- (a) The Bond Trustee has power and authority to act on behalf of, and/or represent, the Bondholders in all matters, including but not limited to taking any legal or other action, including enforcement of these Bond Terms, and the commencement of bankruptcy or other insolvency proceedings against the Issuer, or others.
- (b) The Issuer shall promptly upon request provide the Bond Trustee with any such documents, information and other assistance (in form and substance satisfactory to the Bond Trustee), that the Bond Trustee deems necessary for the purpose of exercising its and the Bondholders' rights and/or carrying out its duties under the Finance Documents.

20.2 The duties and authority of the Bond Trustee

- (a) The Bond Trustee shall represent the Bondholders in accordance with the Finance Documents, including, inter alia, by following up on the delivery of any Compliance Certificates and such other documents which the Issuer is obliged to disclose or deliver to the Bond Trustee pursuant to the Finance Documents and, when relevant, in relation to accelerating and enforcing the Bonds on behalf of the Bondholders.
- (b) The Bond Trustee is not obligated to assess or monitor the financial condition of the Issuer unless to the extent expressly set out in these Bond Terms, or to take any steps to ascertain whether any Event of Default has occurred. Until it has actual knowledge to the contrary, the Bond Trustee is entitled to assume that no Event of Default has occurred. The Bond Trustee is not responsible for the valid execution or enforceability of the Finance Documents, or for any discrepancy between the indicative terms and conditions described in any marketing material presented to the Bondholders prior to issuance of the Bonds and the provisions of these Bond Terms.
- (c) The Bond Trustee is entitled to take such steps that it, in its sole discretion, considers necessary or advisable to protect the rights of the Bondholders in all matters pursuant to the terms of the Finance Documents. The Bond Trustee may submit any instructions received by it from the Bondholders to a Bondholders' Meeting before the Bond Trustee takes any action pursuant to the instruction.
- (d) The Bond Trustee is entitled to engage external experts when carrying out its duties under the Finance Documents.
- (e) The Bond Trustee shall hold all amounts recovered on behalf of the Bondholders on separated accounts.
- (f) The Bond Trustee will ensure that resolutions passed at the Bondholders' Meeting are properly implemented, provided, however, that the Bond Trustee may refuse to implement resolutions that may be in conflict with these Bond Terms, any other Finance Document, or any applicable law.
- (g) Notwithstanding any other provision of the Finance Documents to the contrary, the Bond Trustee is not obliged to do or omit to do anything if it would or might in its reasonable opinion constitute a breach of any law or regulation.
- (h) If the cost, loss or liability which the Bond Trustee may incur (including reasonable fees payable to the Bond Trustee itself) in:
 - (i) complying with instructions of the Bondholders; or

- (ii) taking any action at its own initiative,

will not, in the reasonable opinion of the Bond Trustee, be covered by the Issuer or the relevant Bondholders pursuant to paragraphs (e) and (g) of Clause 20.4 (*Expenses, liability and indemnity*), the Bond Trustee may refrain from acting in accordance with such instructions, or refrain from taking such action, until it has received such funding or indemnities (or adequate security has been provided therefore) as it may reasonably require.

- (i) The Bond Trustee shall give a notice to the Bondholders before it ceases to perform its obligations under the Finance Documents by reason of the non-payment by the Issuer of any fee or indemnity due to the Bond Trustee under the Finance Documents.
- (j) The Bond Trustee may instruct the CSD to split the Bonds to a lower nominal amount in order to facilitate partial redemptions, restructuring of the Bonds or other situations.

20.3 Equality and conflicts of interest

- (a) The Bond Trustee shall not make decisions which will give certain Bondholders an unreasonable advantage at the expense of other Bondholders. The Bond Trustee shall, when acting pursuant to the Finance Documents, act with regard only to the interests of the Bondholders and shall not be required to have regard to the interests or to act upon or comply with any direction or request of any other person, other than as explicitly stated in the Finance Documents.
- (b) The Bond Trustee may act as agent, trustee, representative and/or security agent for several bond issues relating to the Issuer notwithstanding potential conflicts of interest. The Bond Trustee is entitled to delegate its duties to other professional parties.

20.4 Expenses, liability and indemnity

- (a) The Bond Trustee will not be liable to the Bondholders for damage or loss caused by any action taken or omitted by it under or in connection with any Finance Document, unless directly caused by its gross negligence or wilful misconduct. The Bond Trustee shall not be responsible for any indirect or consequential loss. Irrespective of the foregoing, the Bond Trustee shall have no liability to the Bondholders for damage caused by the Bond Trustee acting in accordance with instructions given by the Bondholders in accordance with these Bond Terms.
- (b) Any liability for the Bond Trustee for damage or loss is limited to the amount of the Outstanding Bonds. The Bond Trustee is not liable for the content of information provided to the Bondholders by or on behalf of the Issuer or any other person.
- (c) The Bond Trustee shall not be considered to have acted negligently in:
 - (i) acting in accordance with advice from or opinions of reputable external experts; or
 - (ii) taking, delaying or omitting any action if acting with reasonable care and provided the Bond Trustee considers that such action is in the interests of the Bondholders.
- (d) The Issuer is liable for, and will indemnify the Bond Trustee fully in respect of, all losses, expenses and liabilities incurred by the Bond Trustee as a result of negligence by the Issuer (including its directors, management, officers, employees and agents) in connection with the performance of the Bond Trustee's obligations under the Finance Documents, including losses incurred by the Bond Trustee as a result of the Bond Trustee's actions based on misrepresentations made by the Issuer in connection with the issuance of the Bonds, the entering into or performance under the Finance Documents, and for as long as any amounts are outstanding under or pursuant to the Finance Documents.
- (e) The Issuer shall cover all costs and expenses incurred by the Bond Trustee in connection with it fulfilling its obligations under the Finance Documents. The Bond Trustee is entitled to fees for its work and to be indemnified for costs, losses and liabilities on the terms set out in the Finance Documents. The Bond Trustee's

obligations under the Finance Documents are conditioned upon the due payment of such fees and indemnifications. The fees of the Bond Trustee will be further set out in the Bond Trustee Fee Agreement.

- (f) The Issuer shall on demand by the Bond Trustee pay all costs incurred for external experts engaged after the occurrence of an Event of Default, or for the purpose of investigating or considering (i) an event or circumstance which the Bond Trustee reasonably believes is or may lead to an Event of Default or (ii) a matter relating to the Issuer or any of the Finance Documents which the Bond Trustee reasonably believes may constitute or lead to a breach of any of the Finance Documents or otherwise be detrimental to the interests of the Bondholders under the Finance Documents.
- (g) Fees, costs and expenses payable to the Bond Trustee which are not reimbursed in any other way due to an Event of Default or the Issuer being Insolvent, may be covered by making an equal reduction in the proceeds to the Bondholders hereunder of any costs and expenses incurred by the Bond Trustee in connection therewith. The Bond Trustee may withhold funds from any escrow account (or similar arrangement) or from other funds received from the Issuer or any other person, irrespective of such funds being subject to Transaction Security, and to set-off and cover any such costs and expenses from those funds.
- (h) As a condition to effecting any instruction from the Bondholders (including, but not limited to, instructions set out in Clause 18.3 (*Bondholders' instructions*) or Clause 19.2 (*Procedure for arranging a Bondholders' Meeting*)), the Bond Trustee may require satisfactory Security, guarantees and/or indemnities for any possible liability and anticipated costs and expenses from those Bondholders who have given that instruction and/or who voted in favour of the decision to instruct the Bond Trustee.

20.5 Replacement of the Bond Trustee

- (a) The Bond Trustee may be replaced according to the procedures set out in Clause 19 (*Bondholders' Decisions*), and the Bondholders may resolve to replace the Bond Trustee without the Issuer's approval.
- (b) The Bond Trustee may resign by giving notice to the Issuer and the Bondholders, in which case a successor Bond Trustee shall be elected pursuant to this Clause 20.5 (*Replacement of the Bond Trustee*), initiated by the retiring Bond Trustee.
- (c) If the Bond Trustee is Insolvent, or otherwise is permanently unable to fulfil its obligations under these Bond Terms, the Bond Trustee shall be deemed to have resigned and a successor Bond Trustee shall be appointed in accordance with this Clause 20.5 (*Replacement of the Bond Trustee*). The Issuer may appoint a temporary Bond Trustee until a new Bond Trustee is elected in accordance with paragraph (a) above.
- (d) The change of Bond Trustee's shall only take effect upon execution of all necessary actions to effectively substitute the retiring Bond Trustee, and the retiring Bond Trustee undertakes to co-operate in all reasonable manners without delay to such effect. The retiring Bond Trustee shall be discharged from any further obligation in respect of the Finance Documents from the change takes effect, but shall remain liable under the Finance Documents in respect of any action which it took or failed to take whilst acting as Bond Trustee. The retiring Bond Trustee remains entitled to any benefits and any unpaid fees or expenses under the Finance Documents before the change has taken place.
- (e) Upon change of Bond Trustee the Issuer shall co-operate in all reasonable manners without delay to replace the retiring Bond Trustee with the successor Bond Trustee and release the retiring Bond Trustee from any future obligations under the Finance Documents and any other documents.

21. AMENDMENTS AND WAIVERS

21.1 Procedure for amendments and waivers

- (a) The Issuer and the Bond Trustee (acting on behalf of the Bondholders) may agree to amend the Finance Documents or waive a past default or anticipated failure to comply with any provision in a Finance Document, provided that:

- (i) such amendment or waiver is not detrimental to the rights and benefits of the Bondholders in any material respect, or is made solely for the purpose of rectifying obvious errors and mistakes; or
- (ii) such amendment or waiver is required by applicable law, a court ruling or a decision by a relevant authority; or
- (iii) such amendment or waiver has been duly approved by the Bondholders in accordance with Clause 19 (*Bondholders' Decisions*).

21.2 Authority with respect to documentation

If the Bondholders have resolved the substance of an amendment to any Finance Document, without resolving on the specific or final form of such amendment, the Bond Trustee shall be considered authorised to draft, approve and/or finalise (as applicable) any required documentation or any outstanding matters in such documentation without any further approvals or involvement from the Bondholders being required.

21.3 Notification of amendments or waivers

The Bond Trustee shall as soon as possible notify the Bondholders of any amendments or waivers made in accordance with this Clause 21 (*Amendments and waivers*), setting out the date from which the amendment or waiver will be effective, unless such notice obviously is unnecessary. The Issuer shall ensure that any amendment to these Bond Terms is duly registered with the CSD.

22. MISCELLANEOUS

22.1 Limitation of claims

All claims under the Finance Documents for payment, including interest and principal, will be subject to the legislation regarding time-bar provisions of the Relevant Jurisdiction.

22.2 Access to information

- (a) These Bond Terms will be made available to the public and copies may be obtained from the Bond Trustee or the Issuer. The Bond Trustee will not have any obligation to distribute any other information to the Bondholders or any other person, and the Bondholders have no right to obtain information from the Bond Trustee, other than as explicitly stated in these Bond Terms or pursuant to statutory provisions of law.
- (b) In order to carry out its functions and obligations under these Bond Terms, the Bond Trustee will have access to the relevant information regarding ownership of the Bonds, as recorded and regulated with the CSD.
- (c) The information referred to in paragraph (b) above may only be used for the purposes of carrying out their duties and exercising their rights in accordance with the Finance Documents and shall not disclose such information to any Bondholder or third party unless necessary for such purposes.

22.3 Notices, contact information

Written notices to the Bondholders made by the Bond Trustee will be sent to the Bondholders via the CSD with a copy to the Issuer and the Exchange (if the Bonds are listed). Any such notice or communication will be deemed to be given or made via the CSD, when sent from the CSD.

- (a) The Issuer's written notifications to the Bondholders will be sent to the Bondholders via the Bond Trustee or through the CSD with a copy to the Bond Trustee and the Exchange (if the Bonds are listed).
- (b) Unless otherwise specifically provided, all notices or other communications under or in connection with these Bond Terms between the Bond Trustee and the Issuer will be given or made in writing, by letter, e-mail or fax. Any such notice or communication will be deemed to be given or made as follows:
 - (i) if by letter, when delivered at the address of the relevant party;

- (ii) if by e-mail, when received; and
 - (iii) if by fax, when received.
- (c) The Issuer and the Bond Trustee shall each ensure that the other party is kept informed of changes in postal address, e-mail address, telephone and fax numbers and contact persons.
- (d) When determining deadlines set out in these Bond Terms, the following will apply (unless otherwise stated):
- (i) if the deadline is set out in days, the first day of the relevant period will not be included and the last day of the relevant period will be included;
 - (ii) if the deadline is set out in weeks, months or years, the deadline will end on the day in the last week or the last month which, according to its name or number, corresponds to the first day the deadline is in force. If such day is not a part of an actual month, the deadline will be the last day of such month; and
 - (iii) if a deadline ends on a day which is not a Business Day, the deadline is postponed to the next Business Day.

22.4 Defeasance

- (a) Subject to paragraph (b) below and provided that:
- (i) an amount sufficient for the payment of principal and interest on the Outstanding Bonds to the Maturity Date (including, to the extent applicable, any premium payable upon exercise of the Call Option), and always subject to paragraph (c) below (the “**Defeasance Amount**”) is credited by the Issuer to an account in a financial institution acceptable to the Bond Trustee (the “**Defeasance Account**”);
 - (ii) the Defeasance Account is irrevocably pledged and blocked in favour of the Bond Trustee on such terms as the Bond Trustee shall request (the “**Defeasance Pledge**”); and
 - (iii) the Bond Trustee has received such legal opinions and statements reasonably required by it, including (but not necessarily limited to) with respect to the validity and enforceability of the Defeasance Pledge, then;
 - (A) the Issuer will be relieved from its obligations under Clause 15.2 (*Requirements as to Financial Reports*) paragraph (a), Clause 15.3 (*Put Option Event*), Clause 15.4 (*Information: Miscellaneous*), Clause 16 (*General undertakings*) and Clause 17 (*Financial covenants*);
- (b) The Bond Trustee shall be authorised to apply any amount credited to the Defeasance Account towards any amount payable by the Issuer under any Finance Document on the due date for the relevant payment until all obligations of the Issuer and all amounts outstanding under the Finance Documents are repaid and discharged in full.
- (c) The Bond Trustee may, if the Defeasance Amount cannot be finally and conclusively determined, decide the amount to be deposited to the Defeasance Account in its discretion, applying such buffer amount as it deems required.

A defeasance established according to this Clause 22.4 may not be reversed.

23. GOVERNING LAW AND JURISDICTION

23.1 Governing law

These Bond Terms are governed by the laws of the Relevant Jurisdiction, without regard to its conflict of law provisions.

23.2 Main jurisdiction

The Bond Trustee and the Issuer agree for the benefit of the Bond Trustee and the Bondholders that the City Court of the capital of the Relevant Jurisdiction shall have jurisdiction with respect to any dispute arising out of or in connection with these Bond Terms. The Issuer agrees for the benefit of the Bond Trustee and the Bondholders that any legal action or proceedings arising out of or in connection with these Bond Terms against the Issuer or any of its assets may be brought in such court.

23.3 Alternative jurisdiction

Clause 23 (*Governing law and jurisdiction*) is for the exclusive benefit of the Bond Trustee and the Bondholders and the Bond Trustee have the right:

- (a) to commence proceedings against the Issuer or any of its assets in any court in any jurisdiction; and
- (b) to commence such proceedings, including enforcement proceedings, in any competent jurisdiction concurrently.

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These Bond Terms have been executed in two originals, of which the Issuer and the Bond Trustee shall retain one each.

SIGNATURES:

<p>The Issuer:</p> <p>Electromagnetic Geoservices ASA</p> <p>.....</p> <p>By:</p> <p>Position:</p>	<p>As Bond Trustee:</p> <p>Nordic Trustee AS</p> <p>.....</p> <p>By:</p> <p>Position:</p>
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SCHEDULE 1
COMPLIANCE CERTIFICATE

[date]

FRN Electromagnetic Geoservices ASA senior unsecured convertible USD 32,500,000 bonds 2018/2023 ISIN NO 0010821010

We refer to the Bond Terms for the above captioned Bonds made between Nordic Trustee AS as Bond Trustee on behalf of the Bondholders and the undersigned as Issuer. Pursuant to Clause 15.2 of the Bond Terms a Compliance Certificate shall be issued in connection with each delivery of Financial Statements to the Bond Trustee.

This letter constitutes the Compliance Certificate for the period [●].

Capitalised terms used herein will have the same meaning as in the Bond Terms.

With reference to Clause 15.2 (*Requirements as to Financial Reports*) we hereby certify that all information delivered under cover of this Compliance Certificate is true and accurate and there has been no material adverse change to the financial condition of the Issuer since the date of the last accounts or the last Compliance Certificate submitted to you. Copies of our latest consolidated [Financial Statements] / [Interim Accounts] are enclosed.

The Financial Covenants set out in Clause 17 (*Financial Covenants*) are met, please see the calculations and figures in respect of the ratios attached hereto.

We confirm that, to the best of our knowledge, no Event of Default has occurred or is likely to occur.

Yours faithfully,

Electromagnetic Geoservices ASA

Name of authorised person

Enclosure: Financial Statements; [and any other written documentation]

Electromagnetic Geoservices ASA
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7041 Trondheim

Advokatfirmaet Wiersholm AS
Dokkveien 1
0250 Oslo