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

Fully underwritten Rights Issue of 58,634,735 New Shares,

each having a nominal value of NOK 1.00,

with transferrable subscription rights for existing shareholders as of 19 June 2017 and being registered as such in the VPS on 21 June 2017 (the "**Existing Shareholders**"),

at a Subscription Price of NOK 2.45 per New Share,

raising NOK 143,655,100 in gross proceeds.

The Rights Issue has been fully underwritten by certain major shareholders.

Subscription Period from and including 22 June 2017 at 09:00 (Oslo time) to and including 6 July 2017 at 12:00 (Oslo time).

Listing of 58,634,735 New Shares on Oslo Børs, each with a nominal value of NOK 1.00, placed in the Rights Issue.

THE NEW SHARES AND THE SUBSCRIPTION RIGHTS 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 MUST PROVIDE A LETTER ATTACHED HERETO PROVIDING CERTIFICATION THAT IT IS EITHER (A) A "QUALIFIED INSTITUTIONAL BUYER" (OR QIB) AS DEFINED UNDER RULE 144A OF THE SECURITIES ACT OR (B) A PERSON OTHER THAN A U.S. PERSON, AS THAT TERM IS DEFINED IN REGULATION S 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. THE NEW SHARES WILL NOT BE TRANSFERABLE EXCEPT IN ACCORDANCE WITH THE RESTRICTIONS DESCRIBED UNDER SECTION 17 "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.

21 June 2017

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 fully underwritten Rights Issue by way of an offering of 58,634,735 New Shares with transferrable Subscription Rights to Existing Shareholders, and as further set out in this Prospectus, and (ii) a listing on Oslo Børs (the "**Listing**") of the New Shares issued in the Rights Issue.

For the definitions and capitalised terms used throughout this Prospectus, see Section 18 "Definitions of glossary and terms" of this Prospectus, which also applies to the prevailing pages of this Prospectus.

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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: 21 June 2017) 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.

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 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 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 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 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 are being offered and sold in the United States only to "Qualified Institutional Buyers" in reliance on an exemption from the provisions of Section 5 of the Securities Act and outside the United States in compliance with Regulation S of the Securities Act. Except in certain circumstances specified in this Prospectus, the Subscription Rights and the New Shares may not be offered or sold in or into the United States, 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.

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

TABLE OF CONTENTS

APPENDICES

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	This summary should be read as an introduction to the Prospectus. Any decision to invest in the New Shares should be based on consideration by the investor of the Prospectus as a whole. 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. 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.
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***.

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	<u>Overview of CSEM technology</u> 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 forms a valuable set of exploration tools as charge, seal and volumes are better predicted, defined and or understood. 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 enables ***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 particular in settings where high-

		impedance volcanic rocks or salt make the imaging and interpretation of seismic challenging. <u>Markets</u> 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. 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. ***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. ***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.
B.4	Significant recent trends and events	2015 and 2016 were challenging years 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***. 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 2016. The Company has reduced costs throughout the organisation which involved an organisational re-adjustment, a significant reduction in headcount, a reduction of the fleet size and a renewal of vessel charter agreements at improved terms, amongst others. The new cost level is deemed to provide a sustainable basis for ***EMGS*** going forward. The number of employees has been reduced from 311 at the end of 2014 to 134 as of 31 March 2017.

		On 22 March 2017, ***EMGS*** entered into an agreement with DNB Bank ASA to improve the free cash position and ensure compliance with the minimum liquidity covenant in the Company's bond loan. The existing (i) USD 10 million revolving credit and (ii) the USD 10 million Guarantee facility are made fully available to the Company based on a security in the form of guarantees from Siem Industries Inc. and Perestroika AS who receive market guarantee commission. In addition, the Company will carry out the Rights Issue with gross proceeds equal to the NOK equivalent of USD 17 million. The Rights Issue is fully underwritten by ***EMGS***' three largest shareholders. The guarantee to DNB Bank ASA will be terminated upon completion of the Rights Issue. On 23 March 2017, the Company offered its bondholders to buy back in full their nominal outstanding amount at a price equivalent to 70% of the par value. The result of the bond buy-back was that 9% of the bondholders accepted the offer. USD 2 million was used to buy back these bonds. This will reduce the bond loan interest expenses by 9%. Other than what is described above, 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.
B.5	Description of the Group	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. ***EMGS*** coordinates its activities from its headquarter in Trondheim (Norway) and has offices in Oslo (Norway), Houston (USA) and Kuala Lumpur (Malaysia). The Group also has offices in Rio de Janeiro (Brazil), Mumbai (India) and Villahermosa (Mexico).
B.6	Interests in the Company and voting rights	The following shareholders have an interest in the Company's capital which is notifiable under the Company'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 21.33% of the outstanding shares in ***EMGS*** as of the date of this prospectus. • RWC European Focus Fund, holding 13.75% 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 2014, 2015 and 2016 consolidated financial statements and unaudited three months ended 31 March 2016 and 2017.

Consolidated Income Statement

Figures in USD thousands	Q1 2017 Unaudited	Q1 2016 Unaudited	2016 Audited	2015 Audited	2014 Audited
Operating revenues					
Contract sales	701	13 037	21 797	45 008	137 222
Multi-client pre-funding	830	0	579	3 546	13 140
Multi-client late sales	2 386	0	22 151	32 586	47 661
Total revenues	**3 918**	**13 037**	**44 527**	**81 140**	**198 023**
Operating expenses					
Charter hire, fuel and crew expenses	2 766	5 563	18 176	32 402	61 300
Employee expenses	5 172	7 483	25 097	44 826	55 172
Depreciation and ordinary amortisation	1 407	2 111	7 677	12 679	16 291
Multi-client amortisation	2 292	2 824	11 244	8 631	12 595
Impairment of long-term assets	0	0	17 286	31 344	2 003
Other operating expenses	1 682	3 400	10 137	20 607	22 534
Total operating expenses	**13 319**	**21 381**	**89 617**	**150 489**	**169 895**
Operating profit/(loss)	**-9 402**	**-8 344**	**-45 090**	**-69 349**	**28 128**
Financial income and expenses					
Interest income	14	51	217	352	687
Interest expense	-1 053	-1 038	-3 273	-4 055	-5 926
Change of fair value of conversation rights	0	0	0	0	-210
Net gains/(losses) of financial assets and liabilities	1 026	-4 913	-6 297	-4 106	416
Net foreign currency income/(loss)	-1 016	-1 207	1 512	4 155	8 121
Net financial items	**-1 029**	**-7 107**	**-7 841**	**-3 654**	**3 088**
Income/(loss) before income taxes	**-10 430**	**-15 451**	**-52 931**	**-73 003**	**31 216**
Income tax expense	33	0	-100	3 712	5 330
Income/(loss) for the period	**-10 464**	**-15 451**	**-52 831**	**-76 715**	**25 886**

Consolidated Statement of Financial Position

Figures in USD thousands	31.03.2017 Unaudited	31.03.2016 Unaudited	2016 Audited	2015 Audited	2014 Audited
ASSETS					
Non-current assets					
Goodwill	0	0	0	0	14 422
Deferred tax asset	0	0	0	0	3 008
Multi-client library	21 643	41 187	24 332	42 267	33 758
Other intangible assets	2 399	3 409	2 457	3 703	3 220
Property, plant and equipment	12 874	15 920	13 901	16 773	19 247
Assets under construction	28 353	27 139	28 255	26 566	31 164
Financial assets	0	0	0	1 387	4 766
Total non-current assets	**65 268**	**87 655**	**68 945**	**90 696**	**109 585**
Current assets					
Spare parts, fuel, anchors and batteries	7 565	10 503	7 854	11 754	14 906
Trade receivables	3 336	15 633	8 534	18 580	65 531
Other receivables	6 337	6 686	7 080	5 665	18 649
Cash and cash equivalents	12 995	19 978	14 038	31 749	25 213
Restricted cash	4 780	5 806	4 841	6 680	1 400
Total current assets	**35 013**	**58 606**	**42 347**	**74 428**	**125 699**
Total assets	**100 282**	**146 261**	**111 292**	**165 124**	**235 284**
EQUITY					
Capital and reserves attributable to equity holders					
Share capital, share premium and other paid-in equity	319 272	319 112	319 283	319 039	287 398
Other reserves	-1 615	-1 722	-1 608	-8 925	-5 735
Retained earnings	-295 439	-247 596	-284 975	-232 144	-155 429
Total equity	**22 218**	**69 794**	**32 700**	**77 970**	**126 234**
LIABILITIES					
Non-current liabilities					
Financial liabilities	4 479	0	4 668	0	0
Provisions	19 645	15 535	19 140	17 371	15 299
Borrowings	29 042	32 514	31 636	30 848	46 859
Total non-current liabilities	**53 166**	**48 049**	**55 444**	**48 219**	**62 158**

Figures in USD thousands	**31.03.2017 Unaudited**	**31.03.2016 Unaudited**	**2016 Audited**	**2015 Audited**	**2014 Audited**
Current liabilities					
Trade payables	4 850	6 277	6 672	10 439	13 362
Current tax liabilities	5 841	5 641	5 853	5 257	4 573
Other short term liabilities	10 923	12 262	10 372	16 243	27 270
Financial liabilities	0	4 019	0	6 326	0
Borrowings	3 285	219	251	670	1 687
Total current liabilities	**24 899**	**28 418**	**23 148**	**38 935**	**46 892**
Total liabilities	**78 064**	**76 467**	**78 592**	**87 154**	**109 050**
Total equity and liabilities	**100 282**	**146 261**	**111 292**	**165 124**	**235 284**

Consolidated Statement of Cash Flows

Figures in USD thousands	31.03.2017 Unaudited	31.03.2016 Unaudited	2016 Audited	2015 Audited	2014 Audited
Net cash flow from operating activities					
Income/(loss) before income taxes	-10 430	-15 451	-52 931	-73 003	31 216
Adjustments for:					
Withholding tax expenses	4	877	1 219	987	3 353
Total taxes paid	-49	-494	-522	-1 008	-3 853
Depreciation and ordinary amortisation	1 406	2 111	7 677	12 679	16 291
Multi-client amortisation and impairment	2 292	2 824	27 722	23 952	14 598
Impairment of other long term assets	0	0	808	16 023	0
Non-cash portion of pension expense	0	0	0	0	-3 452
Cost of share-based payment	-11	74	245	104	2 127
Change in trade receivables	5 198	2 947	10 046	46 951	-34 011
Change in inventories	289	1 251	3 900	3 152	-1 916
Change in trade payables	-1 822	-4 163	-3 767	-2 924	-2 581
Change in other working capital	3 258	-245	2 317	-230	5 187
Financial gain on bond repayment	-836	0	0	-2 088	0
Amortisation of interest	605	593	2 413	3 709	4 755
Net cash flow from operating activities	**-96**	**-9 676**	**-873**	**28 304**	**31 714**
Investing activities					
Purchase of property, plant and equipment	-428	-586	-3 398	-7 658	-19 835
Investment in financial assets	0	0	0	0	-8 999
Investment in multi-client library and JIP test	-963	-1 744	-11 500	-34 379	-30 634
Sale of financial assets	0	1 375	1 375	0	0
Cash used in investing activities	**-1 391**	**-955**	**-13 523**	**-42 037**	**-59 468**
Financing activities					
Financial lease payments - principal	-43	-140	141	-299	-185
Proceeds from issuance of ordinary shares	0	0	0	31 536	22
Repayment/settlement of loan and FRA	-1 954	-409	-1 143	-8 898	-1 224
Proceeds from new loan	3 013	0	0	945	3 310
Payment of interest on bonds	-572	-592	-2 313	-3 015	-4 261
Cash provided by financial activities	**444**	**-1 141**	**-3 315**	**20 269**	**-2 338**
Net change in cash	**-1 043**	**-11 771**	**-17 711**	**6 536**	**-30 092**
Cash balance beginning of period	14 038	31 749	31 749	25 213	55 305
Cash balance end of period	12 995	19 978	14 038	31 749	25 213
Net change in cash	**-1 043**	**-11 771**	**-17 711**	**6 536**	**-30 092**

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	The Company's auditor since its incorporation has been Ernst & Young AS ("**EY**"). EY has audited the Company's annual accounts for the fiscal years ended 31 December 2014, 2015 and 2016 and all audit opinions have been issued without qualifications.
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	The New Shares will be registered in VPS under ISIN NO 001 035 8484, which is the same ISIN under which the Company's listed shares are registered. Subscription rights will be registered in VPS under ISIN NO 0010793508.
C.2	Currency of issue	The New Shares will be issued in NOK.
C.3	Number of shares in issue and par value	The Company has a fully paid share capital of NOK 32,794,139 divided into 32,794,139 shares, each with a par value of NOK 1.00.
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.
C.6	Admission to trading	The Company's shares are listed on Oslo Børs. 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.

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	Business and industry related risks: - ***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 hydrocarbons could have a material adverse impact on its results of operations and financial condition. - 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.2	Key risks specific to indebtedness and additional capital	- ***EMGS'*** ability to generate cash to service its indebtedness is dependent upon certain factors beyond its control. - ***EMGS*** may not be able to raise additional capital.
D.3	Key risks specific to the securities	- 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***. - The price of ***EMGS*** shares 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.

Section E – 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 3.2 million, resulting in net proceeds of NOK 140.5 million.
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	The terms and conditions apply to all investors subscribing in the Rights Issue, including investors that subscribe with Subscription Rights and investors that subscribe without Subscription Rights. The Rights Issue consists of 58,634,735 New Shares.

	The Subscription Period for the shares commences on 22 June 2017 at 09:00 CET and expire at 12:00 CET on 6 July 2017. The Subscription Period may be extended by the Board, but may not in any event end later than 20 July 2017. Each Eligible Shareholder will be granted 1.78796 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. The Trading Period for the Subscription Rights commences on 22 June 2017 at 09:00 CET and expires at 16:30 CET on 4 July 2017. The allocation of New Shares will take place after the expiry of the Subscription Period on or about 6 July 2017. The Subscription Rights may be used to subscribe for New Shares in the Rights Issue before expiry of the Subscription Period on 6 July 2017 at 12:00 CET or alternatively be sold before the end of the trading period in the Subscription Rights on Oslo Stock Exchange on 4 July 2017 at 16:30 CET. Subscription Rights which are not sold before the end of trading on Oslo Stock Exchange on 4 July 2017 or exercised before the end of the Subscription Period on 6 July 2017 will have no value and will lapse without compensation to the holder. Acquired 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. The Subscription Rights are fully tradable and transferable, and will be listed on Oslo Stock Exchange with ticker code "EMGS T" and registered in VPS with ISIN NO 0010793508. Over-subscription and subscription without Subscription Rights is permitted and there are no limitations on the number of shares that can be subscribed for. Subscribers subscribing based on Subscription Rights who over-subscribe (i.e. subscribe for more New Shares than the number of Subscription Rights held by them) will have priority to the New Shares not subscribed for by holders of Subscription Rights. However, in each case there can be no assurance that New Shares will be allocated for such subscriptions. 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 and then to investors who have subscribed for shares without Subscription Rights on a pro rata basis. Any New Shares remaining

	after New Shares have been allocated to investors that have subscribed without Subscription Rights 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.
E.4 Material and conflicting interests	The following members of the Board of Directors are indirectly a part of the Underwriting Syndicate: - Siem Investments Inc., a company in which the Chairman of the Board, Eystein Eriksrud, is associated with, has guaranteed NOK 47,885,033.33 (33.3%) of the Rights Issue. - Perestroika AS, a company in which the Board Member Johan Kr. Mikkelsen is associated with, has guaranteed NOK 47,885,033.33 (33.3%) of the Rights Issue. - RWC, a company in which the Board Member Petteri Soininen is associated with, has guaranteed NOK 47,885,033.33 (33.3%) 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 at least their relative shareholding in the Rights Issue. The Underwriters will thus be allocated the remaining New Shares not subscribed for in the event that the Rights Issue is not fully subscribed, and as such have an interest in the Rights Issue. 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. The following members of the Board of Directors and the Underwriting Syndicate also hold a position in the Bond Issue: - 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. 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.
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 64.13%.
E.7	Estimated expenses charged to investor	Not applicable. The Company will not charge the investors for the expenses related to the Rights Issue.

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 16.2 "Documents incorporated by reference", before deciding to invest in the shares. 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 could decline 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 a low level relative to what has been experienced in recent years. 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 2016, ***EMGS*** recorded a loss of USD 52.8 million, and for the year ended 31 December 2015, ***EMGS*** reported a loss of USD 76.7 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 7 "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 6.16 "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 cross-license 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 certaint. 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 at 31 December 2016, ***EMGS'*** tax losses carried forward totalled USD 309 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, 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 12 "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 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 134 as of 31 March 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 2016, revenue from multi-client sales constituted 51% 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 honored 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.

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 7 "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. Uncertaincy 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, inclur 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 10.7.1 "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 and guarantees from Siem Industries Inc. and Perestroika AS.

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 organised 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 17.2 "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.

3. RESPONSIBILITY STATEMENT

This Prospectus has been prepared by Electromagnetic Geoservices ASA in connection with the Rights Issue and Listing of New Shares 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, 21 June 2017

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 Berdal* *Board member*	*Marte Vist 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 in the following Sections of this Prospectus, Section 6 "Presentation of EMGS", Section 7 "Legal proceedings", Section 8 "Industry and market data", Section 9 "Board of Directors, management and employees" and Section 10 "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, including investors that subscribe with Subscription Rights and investors that subscribe without Subscription Rights. ***EMGS*** intends to conduct a share offering of NOK 143,655,100 (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. This includes covering operational costs in the event that annual revenues are not sufficient to cover the Company's cost base and any short-term liquidity needs related to quarterly variations in revenue.

The Rights Issue comprises of a share issue of 58,634,735 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 19 June 2017, as registered in the Norwegian Central Security Depository ("**VPS**") on 21 June 2017 (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 is fully underwritten by the three largest existing shareholders of ***EMGS***.

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	19 June 2017
First day of trading in the Shares excl. the right to receive Subscription Rights in the Rights Issue	20 June 2017
Record Date	21 June 2017
Start of Subscription Period	22 June 2017 at 09:00 CET
First day of trading of Subscription Rights on Oslo Børs	22 June 2017 at 09:00 CET
End of trading of Subscription Rights on Oslo Børs	4 July 2017 at 16:30 CET
End of Subscription Period	6 July 2017 at 12:00 CET
Allocation of New Shares	7 July 2017 (expected)
Distribution of allocation letters	7 July 2017 (expected)
Payment Date for the New Shares	11 July 2017
Registration of share capital increase	13 July 2017 (expected)
Date of delivery of New Shares	14 July 2017 (expected)
Listing and first day of trading of the New Shares on Oslo Børs	14 July 2017 (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 29 March 2017, it was resolved to propose to the shareholders of ***EMGS*** that the Board of Directors are authorised to increase the share capital of the Company through the issuance of New Shares with preferential Subscription Rights for the shareholders, raising the share capital with a minimum of NOK 11,900,000 and a maximum of NOK 80,750,000.

At the annual general meeting held on 25 April 2017 (the "**AGM**") the following resolution regarding the fully underwritten Rights Issue was proposed and approved:

(1) The share capital shall be increased by a minimum of NOK 11,900,000 and a maximum of NOK 80,750,000, by issue of minimum 11,900,000 and maximum 80,750,000 new shares, each having a face value of NOK 1 (the "New Shares").

(2) The Board of Directors may decide the subscription price for the news shares within a range of a minimum of NOK 2 per share and a maximum of NOK 10 per share (the "Subscription Price"). The Board of Directors shall select 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 19 June 2017 as registered with the VPS on 21 June 2017 (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 ("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 will be issued to Eligible Shareholders. In case of any delay in the registration of the completion of the share capital reduction or in the approval of the prospectus required in connection with the rights issue, these dates will be delayed accordingly as the Board of Directors may decide.

(4) The New Shares must be subscribed from 22 June 2017 and no later than 6 July 2017 (the "Subscription Period"). In case of any delay in the registration of the completion of the share capital reduction or in the approval of the prospectus required in connection with the rights issue, these dates will be delayed accordingly as the Board of Directors may decide.

(5) The issue of the New Shares is underwritten by Siem Investments Inc., Perestroika AS, and RWC European Focus Master Inc (the "Underwriters"). The underwriting is regulated by underwriting agreements entered into between the Company and the respective Underwriters on or about 29 March 2017 (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 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.

(6) Subscription of New Shares without Subscription Rights is allowed. Holders of Subscription Rights may subscribe for a number of New Shares which exceeds the number of Subscription Rights held.

(7) 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. Any remaining New Shares will be allocated to subscribers without subscription rights.

(8) Any remaining New Shares not allocated pursuant to the criteria set out in section (7) 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.

(9) Payment for New Shares shall take place no later than 10 July 2017 to the Company's share issue account no. 1503.27.95967. In case of any delay in the registration of the completion of the share capital reduction or 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.

(10) The New Shares entitle the holder to dividend as from the time of registration with the Norwegian Register of Business Enterprises.

(11) The estimated fees for the Company associated with the rights issue, including the underwriting commission, is approximately NOK 3.2 million.

(12) 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 fully underwritten by the investors set out below (the "**Underwriters**", collectively the "**Underwriting Syndicate**"). The table below sets out the Underwriters, as well as the implied amount and the percentage of the total number of New Shares each Underwriter has agreed and undertaken to guarantee the subscription of.

Underwriter	Address	Guaranteed amount (USD equivalent of NOK)	Percentage of the Rights Issue
Siem Investments Inc.	PO Box 309, Ugland House, South Church Street, George Town, KY1-1104, Cayman Island	USD 5,666,667	33.3 %
Perestroika AS	Statsminister Michelsens veg 38, 5230 Paradis	USD 5,666,667	33.3 %
RWC	60 Petty France, London SW1H 9EU, England	USD 5,666,667	33.3%
Total		**USD 17,000,000**	**100%**

The underwriting is regulated by underwriting agreements between the Company and the respective Underwriters on or about 29 March 2017 (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 7,844,249 shares in the Company and will receive 14,025,234 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 14,025,234 shares in the Rights Issue.

- As of the Record Date, Perestroika AS had a registered holding of 6,993,857 shares in the Company and will receive 12,504,763 Subscription Rights in the Rights Issue, corresponding to 21.33% 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 12,504,763 shares in the Rights Issue.

- As of the Record Date, RWC had a registered holding of 4,507,948 shares in the Company and will receive 8,060,048 Subscription Rights in the Rights Issue, corresponding to 13.75% of the subscription rights in the Rights Issue. This is less than what RWC has guaranteed for and RWC has therefore undertaken to subscribe for at least 8,060,048 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 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) and Mimi Berdal (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. The directors may subscribe for a greater number of Shares than the Subscription Rights they control.

In addition, the Underwriters are committed to subscribe for the New Shares as described in Section 5.3. 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 19 June 2017 and being registered as such in the VPS on 21 June 2017 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 19 June 2017 will give the right to receive Subscription Rights. The first day of trading without the right to receive Subscription Rights is 20 June 2017. 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 22 June 2017 and expire at 12:00 CET on 6 July 2017. The Subscription Period may be extended by the Board, but may not in any event expire later than 20 July 2017. 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 6 July 2017.

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 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 58,634,735 tradable Subscription Rights. Each Existing Shareholder will be granted 1.78796 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 22 June 2017 under ISIN NO 0010793508. 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 6 July 2017 or alternatively be sold before the end of trading in Subscription Rights on Oslo Børs at 16:30 CET on 4 July 2017. 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. 6 July 2017 at 12:00 CET). Subscription Rights which are not sold before end of trading on Oslo Børs on 4 July 2017 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.

Over-subscription and subscription without Subscription Rights is permitted and there are no limitations on the number of shares that can be subscribed for. Subscribers subscribing on the basis of Subscription Rights who over-subscribe (i.e. subscribe for more New Shares than the number of Subscription Rights held by them) will have priority to the New Shares not subscribed for by holders of Subscription Rights, 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, in each case there can be no assurance 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. 3 July 2017) until the final day of trading in subscriptions (i.e. 4 July 2017) 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 4 July 2017 at 16:30 CET 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 Agentwill 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 T" and registered in VPS with ISIN NO 0010793508. Trading in the Subscription Rights on Oslo Børs may take place from and including 09:00 CET on 22 June 2017 and until 16:30 CET on 4 July 2017.

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 17 "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, 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 subscriber must have, or obtain, a VPS account number. All online 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 6 July 2017, and accurately completed Subscription Forms must be received by the Receiving Agent by 12:00 CET on 6 July 2017. 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. Subscription Forms received after the end of the Subscription Period and/or incomplete or incorrect 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 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 Markets
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 subscriber after having been received by the Receiving Agent. The subscriber is responsible for the correctness of the information entered into the Subscription Form. By signing and submitting a Subscription Form, the 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. Over-subscription (i.e. subscription for more New Shares than the number of Subscription Rights held by the subscriber entitles the subscriber to be allocated) and subscription without Subscription Rights is permitted. However, there can be no assurance that New Shares will be allocated for such subscriptions. See Section 5.12 "Mechanism of allocation" below for further details on applicable allocation principles.

Multiple subscriptions (i.e., subscriptions on more than one Subscription Form) are allowed. Please note, however, that two separate Subscription Forms submitted by the same subscriber with the same number of New Shares subscribed for on both Subscription Forms will only be counted once unless otherwise explicitly stated in one of the Subscription Forms. In the case of multiple subscriptions through the VPS online subscription system or subscriptions made both on a 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 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 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 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 Subscription Rights, or to purchase additional Subscription Rights on their behalf. Please refer to Section 17 "Selling and transfer restrictions" for a description of certain restrictions and prohibitions applicable to the sale and purchase of Subscription Rights in certain jurisdictions outside Norway.

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

5.11.2 Subscription Period and Period for Trading in 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 Subscription Rights and the last day of trading in such rights (which accordingly will be a deadline earlier than the end of trading of Subscription Rights on Oslo Børs on 4 July 2017 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 Subscription Rights through a financial intermediary and wishes to exercise its 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 Subscription Rights that are held through a financial intermediary, should contact the relevant financial intermediary for instructions on how to exercise the Subscription Rights.

Please refer to Section 17 "Selling and transfer restrictions" for a description of certain restrictions and prohibitions applicable to the exercise of Subscription Rights in certain jurisdictions outside Norway.

5.11.4 Method of payment

Any Eligible Shareholder who holds its 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 July 2017. In accordance with the resolution passed by the AGM of the Company on 25 April 2017, the allocation of the New Shares will be made according to the following criteria:

(i) Allocation will be made to 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, 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. 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 items (i) and (ii) above will be allocated to subscribers not holding Subscription Rights. Allocation will be made pro rata based on the respective subscription amounts, provided, however, that such allocations may be rounded down.

(iv) 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 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 Subscriber will not impact the 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 July 2017 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 Subscriber are expected to be distributed on or about 7 July 2017. 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 July 2017. 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 July 2017 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 subscriber falls due on 11 July 2017 (the "**Payment Date**"). Payment must be made in accordance with the requirements set out below.

5.13.1 Subscribers who have a Norwegian bank account

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 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 11 July 2017. 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 Subscriber furthermore authorises the Receiving Agent to obtain confirmation from the subscriber's bank that the 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 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 Subscriber, the 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 Subscriber, and the Board reserves the right, at the risk and cost of the 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 Subscriber liable for any loss, cost or expense suffered or incurred in connection therewith. The original 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 Subscriber and the 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 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 Subscribers who do not have a Norwegian bank account

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 11 July 2017 at 10:00 CET at the latest. Prior to any such payment being made, the subscriber must contact the Receiving Agent 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 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 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 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 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 13 July 2017 and that the New Shares will be delivered to the Subscribers' VPS accounts on or about 14 July 2017 (subject to payment being received from the 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. 6 October 2017).

Subscribers should be aware that delivery of the New Shares will only be made if the 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 July 2017 and hereunder have the right to receive dividends, if any.

For a description of rights attached to the Shares in the Company, see Section 11 "Shares and share capital".

5.17 Share capital following the Rights Issue

The number of New Shares to be issued is 58,634,735, all with a nominal value of NOK 1.00 per share. Thus, the Company's share capital following the Rights Issue will be NOK 91,428,874.00 consisting of 91,428,874 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 64.13%, as set forth in the table below.

	Number of shares
Pre Rights Issue	*32,794,139*
Effect of Rights Issue	*58,634,735*
Post Rights Issue	*91,428,874*
Dilution effect	*64.13%*

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 6 July 2017 in the form of a release through Oslo Børs' information system and the Company's website, www.emgs.com. All subscribers being allocated New Shares will receive a letter from the VPS confirming the number of New Shares transferred to the 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 3.2 million. Thus, net proceeds from the Rights Issue will be approximately NOK 140.4 million. No expenses or taxes will be charged by the Company or the Receiving Agent to the 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, Eystein Eriksrud, is associated with, has guaranteed the NOK equivalent of USD 5,666,667 (33.3 %) of the Rights Issue.

- Perestroika AS, a company in which the Board member Johan Kr. Mikkelsen is associated with, has guaranteed for NOK equivlalent of USD 5,666,667 (33.3 %) of the Rights Issue.

- RWC, a company in which the Board member Petteri Soininen is associated with, has guaranteed for NOK equivlalent of USD 5,666,667 (33.3 %) 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 at least their relative shareholding in the Rights Issue.

The Underwriters will thus be allocated the remaining New Shares not subscribed for in the event that the Rights Issue is not fully subscribed, and as such have an interest in the Rights Issue.

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 Bond Issue:

- 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, held NOK 21.0 million (8.54 %) of the 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 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 Wiersholm 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. 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 the only company that provides marine 3D CSEM services to the offshore oil and gas exploration industry at an industrial scale and as is considered 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 oil and gas accumulations) and that the technology in that respect is unique.*

6.1 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.

6.2 General information

EMGS operates in a market with few players in the use of controlled-source electromagnetic ("**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 other geophysical information 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 worlds mature and frontier offshore basins, in water depths ranging from 20 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 the 3D CSEM data as delivered.

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*** is bespoke, fabricated in-house or sourced on an exclusive basis from specialist suppliers.

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[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 owns patents to protect the commercial advantage that it derives from its technology. ***EMGS*** has more than 83 patents in 33 jurisdictions related to CSEM acquisition on a worldwide basis.

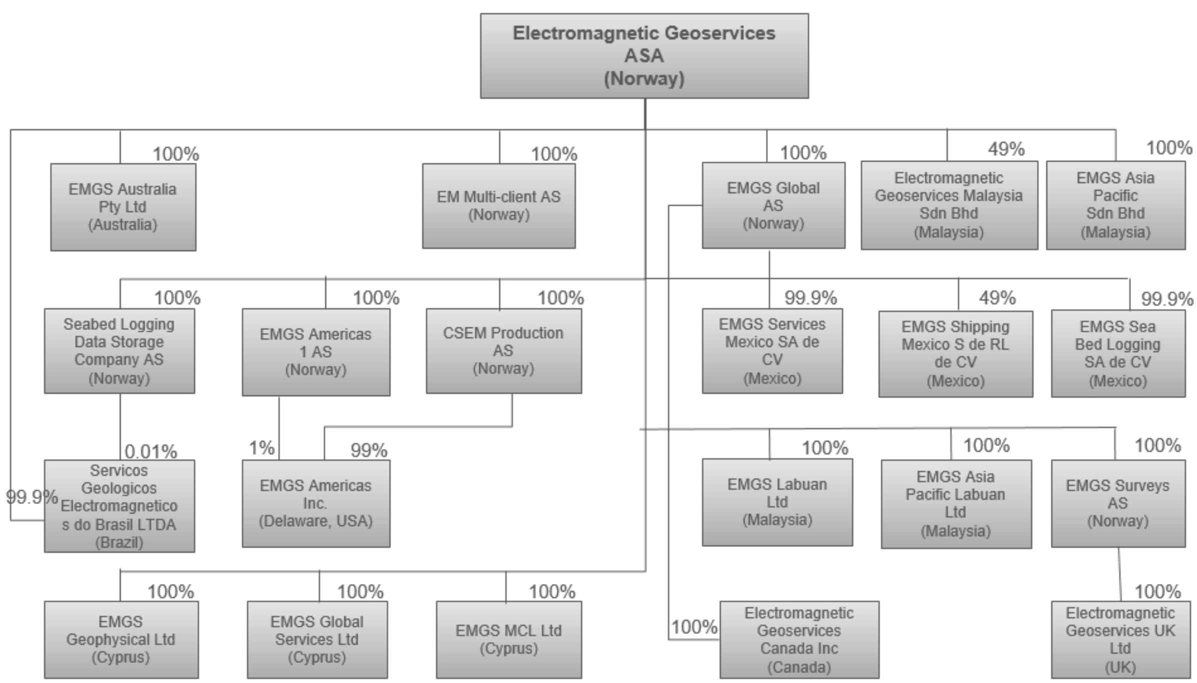
Several leading oil and gas companies use ***EMGS*** as their provider of CSEM surveys, including the acquisition, processing, imaging and interpretation of CSEM data. In addition, it is the Management's impression that ***EMGS*** is a preferred research and development partner for several major oil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

6.3 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 Villahermosa (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



6.4 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 in 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, NGI, 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, NGI 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 63,000 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.

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.

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.

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.

In 2016, ***EMGS*** successfully tested the prototype JIP equipment set offshore Norway. The JIP provides improvements in the source output, receivers and the navigation system. Combined, this new equipment will enable ***EMGS*** to image deeper targets and improve the quality of the images in general, and as a result, has the potential to accelerate adoption and increase the addressable market.

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
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

6.5 Competitive strengths

First mover advantage

EMGS has been at the forefront of CSEM technology since its inception, and has obtained substantial operational experience and developed a proprietary methodology under which data is acquired, processed and interpreted. Considering that ***EMGS*** was the first company to commercially exploit the CSEM technology, it has had more time and applied more resources to build its experience from CSEM survey projects than any of its competitors combined. This gives ***EMGS*** a potential advantage relative to its competitors when competing for contracts, i.e., the "first mover advantage".

Flexible cost structure

EMGS typically incurs lower operational costs when gathering 3D CSEM data when compared to companies acquiring node based or high-end 3D seismic data, as the vessels used for such seismic surveys are generally larger, and therefore more expensive than the vessels used by ***EMGS***. ***EMGS*** has maintained a flexible cost structure during the ongoing and prolonged low oil price envirionment, which allows it to efficiently adjust its cost base to shifting market conditions.

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 Managements 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 or 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 ooon 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.

6.6 Overview of CSEM technology

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

6.6.1 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.

Controlled-source CSEM ("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 CSEM 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.

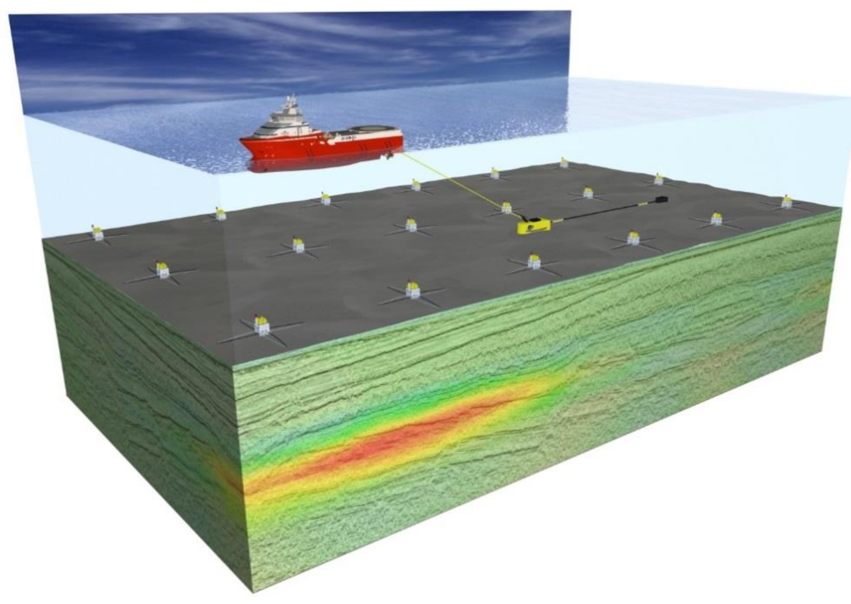
Grids of seabed receivers measure the energy that has propagated through the sea and the subsurface. The information from these receivers is processed, modeled and inverted to produce 3D resistivity volumes from the specific area. These datasets are integrated with other subsurface information to enable 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 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.

6.6.2 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 plot of 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.

6.7 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, the ranking of identified prospects, the validation of prospects (in frontier acreage and mature fields) and surveying to burial depths more than three 3,500 meters below the sea floor. The precise penetration depth is dependent upon the specific electrical properties of the subsurface and seabed over which CSEM services are being performed. The time frame for a survey is dependent on the size of the survey, the weather, the distance between the receivers, 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.

6.7.1 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.

6.7.2 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 to ensure optimal data quality from the target site. The optimal survey grid layout depends on the seabed topography, which is identified via echo sounder lines that are run over the planned survey lines.

Following this analysis, ***EMGS*** deploys a vessel to conduct the survey. A vessel can only be used for acquisition for one survey at the time. The maximum acquisition capacity is therefore depdendent 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 parallel 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. The frequency spectrum is customised for each survey, and the sources can illuminate hydrocarbon targets through more than 3,500 meters of rock and at water depths down to 3,500 m.

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.

6.7.3 Data Processing

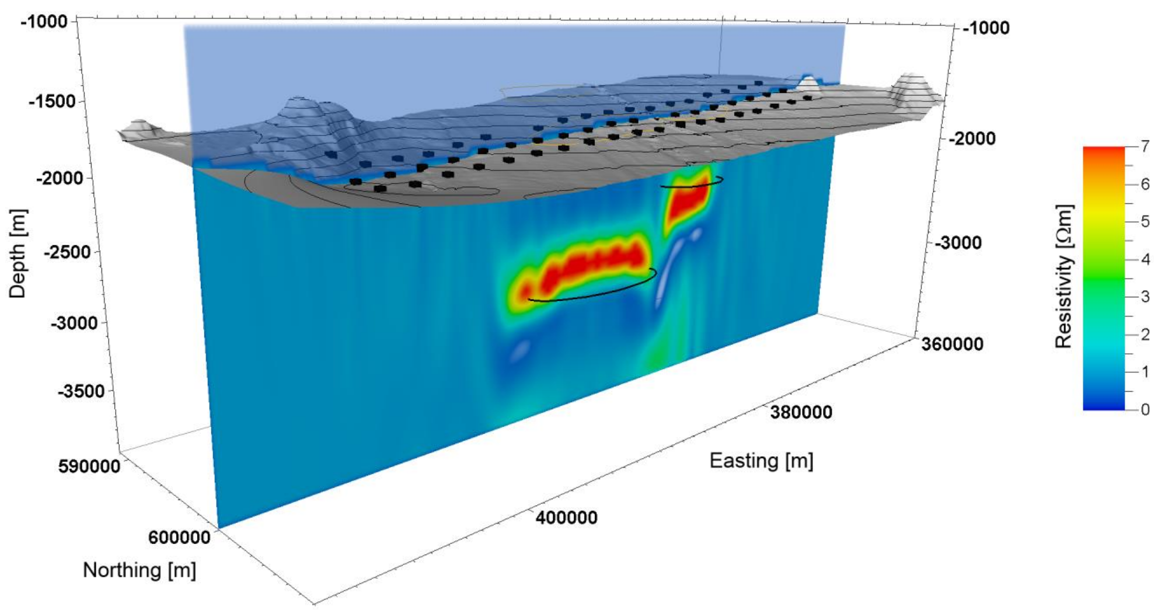
After the data has been acquired, the data is processed and inverted to allow the interpretation to start. ***EMGS*** offers its customers a wide a range of inversion options, with the most applicable being 3D anisotropic inversion which produces 3D images of the Earth's resistivity structure. Other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

6.7.4 Interpretation Services

Integrated with seismic data and 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 in a certain location and the potential volumes in that location. Generating these predictions is at the core of our customers' business; however, many still lack the needed in-house capabilities to take the CSEM information through this process themselves. ***EMGS*** has developed the tools, workflows, exploration experience and training programs needed to help 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



6.7.5 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.

In 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, early access to acquired data, and 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 typically generates sales for a longer period.

6.8 ***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 March 2017, ***EMGS*** leases 20 out of its total inventory of almost 600 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 6.9 "Vessels" below.

Source

The source that ***EMGS*** uses to transmit the CSEM energy is custom built. The source is towed behind the vessel and is capable of transmitting energy (1,200 amps for the conventional equipment to 7,000 amps for the shelf express) deep into the surface. The source can operate continuously and reliably for very long time periods. Their frequency spectrum is customised for each survey, and the sources can illuminate hydrocarbon targets through more than 3,500 meters of rock, in water depths down to 3,500 meters.

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

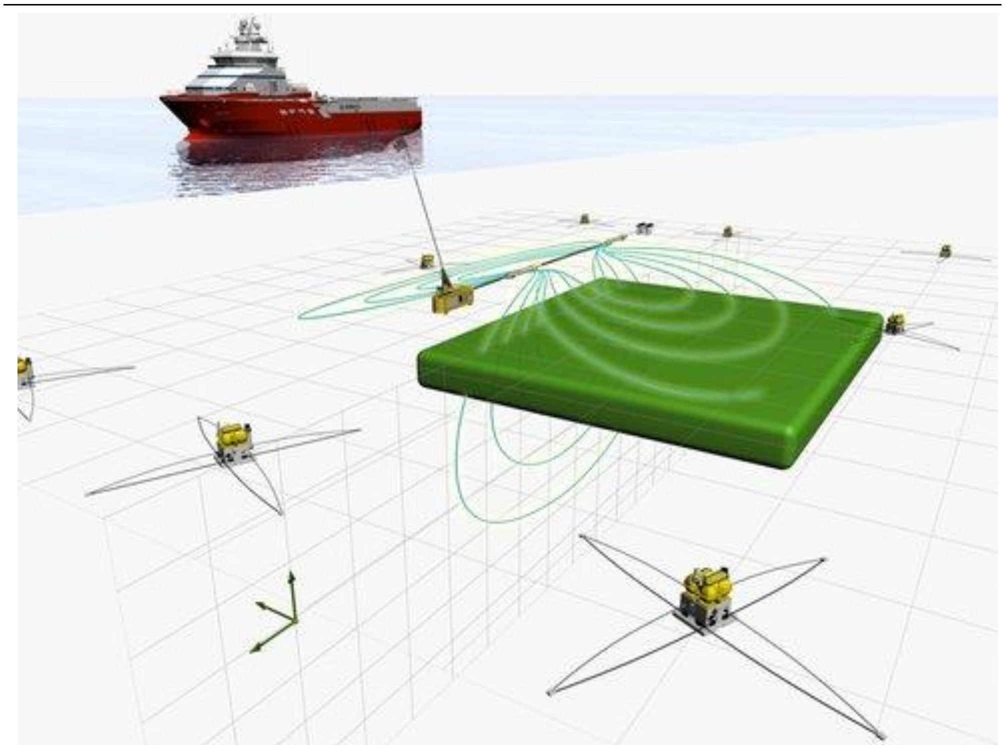
EMGS has developed data analysis software and capabilities that enable it to perform 3D inversions and advanced modelling of acquired CSEM data. In addition, the data analysis software can easily integrate CSEM data with other geophysical data. The capabilities of the data analysis software allow ***EMGS*** 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



6.9 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 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:*

Vessel	Built	Last refurbishment	Delivery date	Charter expiration date	Gross tonnage	Flag	Operational status
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 6.18 "Overview of contracts".

Figure 5: BOA Thalassa and Boa Galatea

6.10 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 51% in 2016.

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

Year	Largest Customers
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

6.11 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 and 2016 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.

6.12 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 1 March 2017, ***EMGS***' R&D staff included 16 scientists, engineers and programmers. During 2014, 2015 and 2016, ***EMGS*** invested USD 4.3 million, USD 2.1 million and USD 0.9 million, respectively in R&D. In addition, ***EMGS*** capitalises certain R&D expenses in accordance with IFRS. In 2014, 2015 and 2016, the Company capitalised USD 1.9 million, USD 1.1 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, please refer to Section 6.21 "Factors affecting the Group".

6.13 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, Villahermosa 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 "Factors affecting the Group".

6.14 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 oil and gas. 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 surveys, there are presently only two other active players in the market place: Petromarker and PGS.

6.15 Employees

As of 31 March 2017, ***EMGS*** had 134 permanent employees, with more than 66 of the staff holding doctorates or master degrees. In addition, ***EMGS*** has retained 8 consultants to provide additional services. These employees are based in Europe, America and Asia. As at 31 December 2014, 2015 and 2016, the Group had 311, 239, and 143 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.

6.16 Intellectual Property

EMGS has extensive patent protection in place to protect the commercial advantage it derives from its technology. ***EMGS*** has more than 83 patents covering over 6 patent families granted in 33 jurisdictions and more than 13 applications pending in over 8 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 83 patents covering 6 patent families granted in 33 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. One of the patents granted have been and are being challenged by a third party in Norway and in the United Kingdom. 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 modeling 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.

6.17 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/positioning system and other vessel hardware on-board each of ***EMGS***' chartered vessels are standardised equipment requiring little adaptation for CSEM use. For navigation/positioning software, a proprietary solution from an outside vendor is currently in use. This is custom-made software available exclusively to ***EMGS*** through a multi-year exclusivity agreement. The use of an alternative navigation/positioning software system would require additional preparation and development time prior to use.

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.

6.18 Overview of contracts

Below is a description of the contracts that the Company considers relevant to its operations for the past 12 months, 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 announced or with effect within the past 12 months

Below is an overview of the status of the contracts that the Company has announced within the past twelve months.

- In 2013, ***EMGS*** announced a contract worth USD 99.8 million with PEMEX. As of February 2017, the Company had outstanding work equal to approximately USD 0.6 million on this contract. This contract has been extended until August 2017.

- In November 2015, ***EMGS*** announced a letter of award with an oil company in India worth USD 15.3 million. The work was performed and completed in 2016.

- In May 2016, ***EMGS*** signed a second extension of the contract with an oil company in Malaysia worth approximately USD 8 million. The work related to an extension of an earlier contract and was completed in January 2017.

- ***EMGS*** has recorded multi-client sales of a total of USD 22.7 million in 2016. All contracts and agreements that the Company has announced regarding the sale of licenses to multi-client data in 2016 have been completed.[4]

- The Compay has recorded multi-client sales of USD 3.2 million in the first quarter of 2017.

Backlog

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 31 March 2017, the Company had a total backlog of USD 4.5 million and the Company has since then completed some of the work related to the backlog and signed new contracts with a total value of USD 8.9 million. As of the date of this Prospectus, the Company's total backlog equals USD 5.6 million.

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 Offshore) 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

[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.

The BOA Thalassa is on a fixed rate charter agreement. The new charter agreement was entered into in January 2017. It has a flexible start up date in 2017 (latest October 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.

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 per 31 March 2017, the data acquisition under all joint agreements with TGS, and thus also joint investments, has been completed.

As of 31 March 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, 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 Foz 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 2016, and the carrying value of the JIP as of 31 December 2016 was USD 31 million, recorded partly as assets under construction (USD 25 million) and partly as property, plant and equipment (USD 6 million). ***EMGS*** has received prepayments from Shell and Statoil. These are recorded as provisions and amounted to USD 19 million per 31 December 2016.

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 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.

As of the date of this Prospectus, ***EMGS*** is in the process of commercialising the new Deep Blue (JIP) source. The Company has entered into a prefunding agreement using the Deep Blue source. The data will be acquired during the 2017 summer season. The Deep Blue source provides a significantly higher output when compared to the conventional system.

The original JIP agreement has been amended wherein the Deep Blue source is available to the industry..

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 commercialisation stage will take place over multiple stages over multiple years.

The final investment decision is to some degree depending upon the willingness of partners to commit to the final stage of the project, which could be impacted by the current market conditions within the oil and gas industry.

If the full equipment set of the JIP is not completed it could have negative implications for the prospects of the Company, as the new technology will be more sensitive and therefore able to image reservoirs at greater depth. The improved technology could therefore increase ***EMGS'*** addressable market and if it is not completed, this opportunity would not materialise. It should, however, be noted that the Company is currently providing its services in a marginal share of the basins in which its current technology is applicable. Future revenue growth, however, is more dependent upon increased penetration and acceptance of the CSEM technology rather than a larger applicable market. In addition, there is no deadline for the investment decision and the Company has the ability to postpone the final investment decision until the market conditions improves.

6.19 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.

6.20 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 ***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" under Section 2 for a 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.

6.21 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. Its initiatives as of the date of this Prospectus 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.

In parts of the organisation, the reduction has been proportional to the reduction in vessel capacity while reductions in other parts of the organisation reflect the expected client and sales activity for 2017. The Company has maintained its local presence in all the markets in which it is was present in 2015, but the staff was reduced to a minimum in 2016.

Integration and interpretation

The integration and interpretation ("**I&I**") production and support facilities worldwide were in 2016 subject to cut backs, including a reduction in head count of 45% and an increased focus on customer relationships. The I&I centres located in Houston and Kuala Lumpur both took significant reductions during 2016 and services were centralised in Norway to maintain or improve a global quality standard and allow for ease of knowledge transfer. The remaining resources focus on the support of local sales and inversion work for local customers if required locally.

Research and development

The research and software groups have been reduced and on-going research/feasibility work was reduced to a minimum. During 2016, 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 continued prioritisation continues in 2017. Other projects, and low priority projects will be ‘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 2016. The Company invested USD 9.8 million in its multi-client library in 2016, compared to USD 32.5 million and USD 20.2 million in the corresponding periods in 2015 and 2014 respectively. Although the market conditions were challenging in 2016, 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 2017, in particular related to the 24th licensing round in Norway.

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 2017. 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-turn, 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 24.3 million at the end of 2016.

6.22 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.

At the date of this prospectus the oil price is USD 48 per barrel. In the period from 1 July 2014 to 31 December 2016, the oil price dropped from approximately USD 110 per barrel to USD 50 per barrel, corresponding to a 55% 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***. This is likely to continue to impact the Company's financial performance in the remainder of the current (2017) financial year.

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.

7. LEGAL PROCEEDINGS

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*** and PGS settled their disputes related to patent infringements in April 2016.
- The ***EMGS*** subsidiary Servicios Geologicos Electromagnetico do Brasil Ltda has an ongoing dispute related to tax payments in Brazil. The entire claim amount of USD 3.6 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.

8. 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 judgements 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.*

8.1 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.

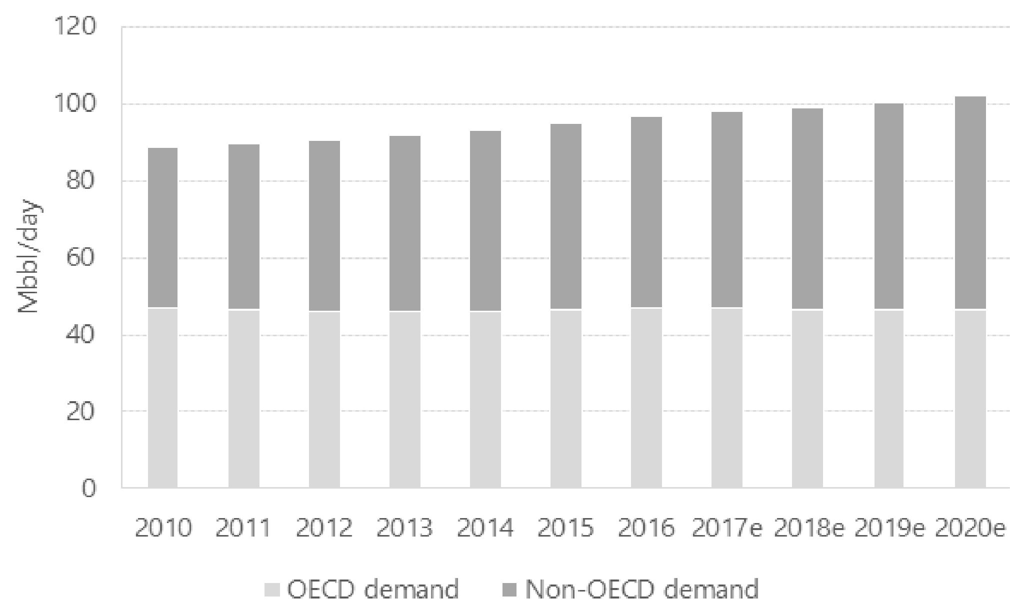
The difficulty, risk and cost of finding and developing offshore reserves, combined with high oil and gas prices, have historically led to significant investment in technologies that make exploration in frontier areas possible and more economically viable. Among these are geophysical survey technologies, 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 negative growth in E&P spending.

8.1.1 Oil demand

The oil market is restoring the balance between supply and demand, and oil prices are recovering. However, it is taking longer than expected, mainly due to a slower supply response, so inventories will remain higher for longer. Carnegie Research forecasts oil demand to increase by 5.4 per cent between 2016 and 2020, from 96.6 million barrels per day ("**Mbbl/d**") in 2016 to 101.8 Mbbl/d in 2020. The share of oil in the primary energy mix is expected to continue to be the main factor, mainly driven by growth in demand from non-OECD markets, especially China and India.

Figure 6: Global oil demand



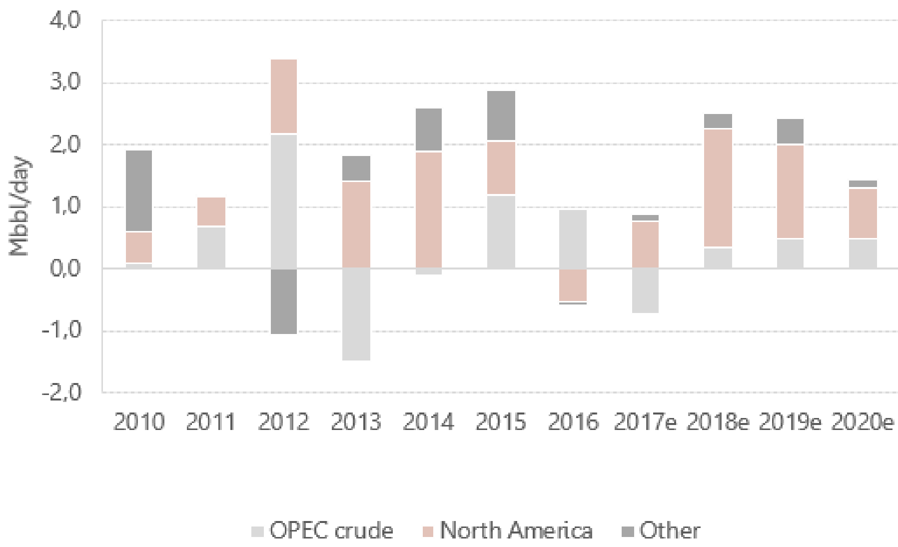
Source: IEA, FactSet, Carnegie Research (not publicly available information) as of 6 April 2017

8.1.2 Oil supply

Carnegie Research forecasts total oil supply to reach 103.5 Mbbl/d in 2020, an increase of 6.5 Mbbl/d from 2016 levels. Global supply increased 2.9 Mbbl/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 Mbbl/d. OPEC, on the other hand, increased its output by 1.2 Mbbl/d, mainly driven by Iran after sanctions were lifted. In November 2016, OPEC agreed to cut its total production to 32.5 Mbbl/d from 1 January 2017 representing a reduction of 1.2 Mbbl/d from previous levels. Russia and other non-members have agreed to cut an additional 0.6 Mbbl/d. For 2017, Carnegie Research forecasts global supply to increase by 0.1 Mbbl/d, as a reduction in both OPEC and non-OPEC production is expected.[5]

[5] *Carnegie Research (not publicly available information) as of 6 April 2017*

Figure 7: Change in global oil supply



Source: IEA, Carnegie Research (not publicly available information) as of 6 April 2017. Note: Other defined as "Other non-OPEC" and "OPEC NGLs"

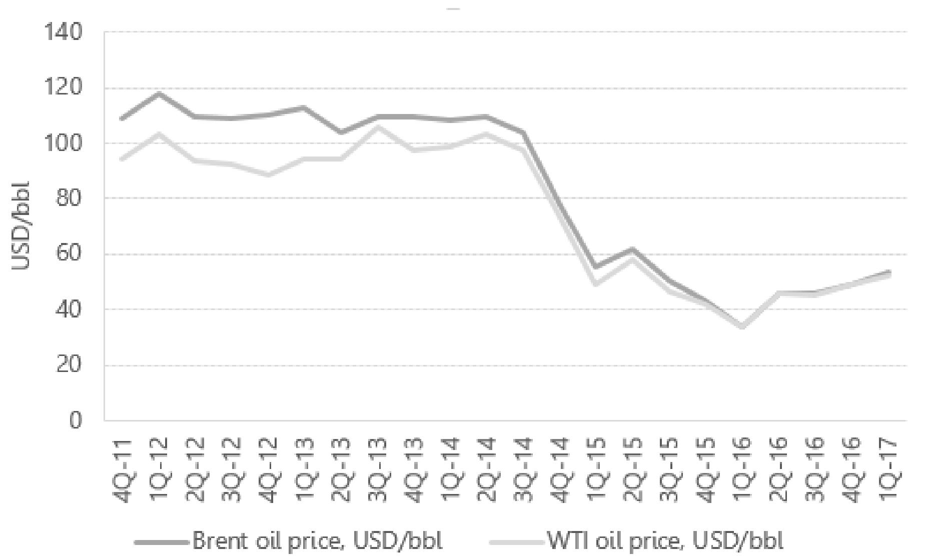
8.1.3 Oil price

The price of Brent crude oil averaged USD 45.64 per barrel from 1 January 2016 to 31 March 2017.[6] This is significantly lower than the average price of Brent crude oil between 2011 and 2014, which averaged USD 106.61 per barrel.[7] From 30 September 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%.[8] According to Carnegie Research, the drop in Brent crude oil price is largely explained by increased oil supply from OPEC, as well as supply from US shale production. However, Carnegie Research forecasts that the Brent crude oil price will reach USD 55 per barrel in 2017, USD 65 per barrel in 2018.

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

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

Figure 8: Development in Brent crude oil price



Source: FactSet as of 7 April 2017 (FactSet is a multinational provider of financial data, including shares, commodities and other securities). Carnegie Research (not publicly available information) as of 6 April 2017. Note: Other defined as "Other non-OPEC" and "OPEC NGLs"

8.2 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.[9]

8.3 CSEM method

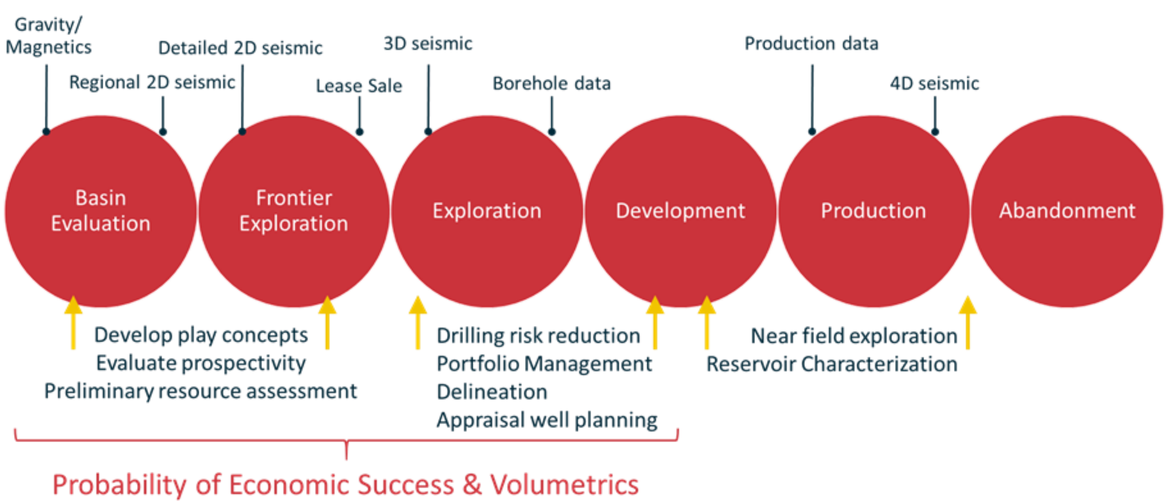
As a central part of their exploration and development programs, oil and gas companies have started to require electromagnetic resistivity testing to improve the probability related to the presence or absence of hydrocarbons

[9] 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 evalation. Interpretation (8). p.p SH67-SH78 and Granli, J.R., Veire, H.H, 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

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. Prior to the reduction in oil price, out of the total annual marine geophysical expenditure of USD 10 billion, [10] ***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.

Figure 9: CSEM in the E&P workflow



Source: ***EMGS***

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

9. BOARD OF DIRECTORS, MANAGEMENT AND EMPLOYEES

9.1 Overview

The Board 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 exercises supervision responsibilities to ensure that the Company manages its business through the appointment of the CEO. The Board has an annual plan for its work.

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

EMGS' management is responsible for day-to-day management of its operations in accordance with the instructions set out by the Board of Directors. Among other things, the Chief Executive Officer (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, the 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.

9.2 Board of Directors

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

The gender distribution is in accordance with the Norwegian Public Limited Companies Act.

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

The composition of the Board of Directors is in accordance with the recommendation of the Norwegian Code of Practice for Corporate Governance dated 30 October 2014 (the "**Code**").

9.2.1 Board Members

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

Name	*Business address*	*Position*	*Served since*	*Term expires*
Eystein Eriksrud	*Siem Kapital AS, Jerpefaret 12, 0788 Oslo, Norway*	*Chairman*	*23 Dec. 2014*	*25 Apr. 2019*
Anne Øian	*Gabels gate 14, 0272 Oslo, Norway*	*Board member*	*9 Jun. 2015*	*25 Apr. 2019*
Johan Kr. Mikkelsen	*Perestroika AS, Statsminister Michelsens veg 38, 5230 Paradis, Norway*	*Board member*	*23 Dec. 2014*	*9 Jun. 2018*
Mimi K. Berdal	*Advokat Mimi K. Berdal m.n.a, Jarlsborgveien 3F, 0379 Oslo, Norway*	*Board member*	*23 Dec. 2014*	*9 Jun. 2018*
Petteri Soininen	*RWC, 60 Petty France, London SW1H 9EU, UK*	*Board member*	*23 Dec. 2014*	*9 Jun. 2018*
Adam Robinson	*Stiklestadveien 1, 7041 Trondheim, Norway*	*Board member, employee representative*	*9 Jun. 2015*	*25 Apr. 2019*
Marte Vist Karlsen	*Stiklestadveien 1, 7041 Trondheim, Norway*	*Board member, employee representative*	*10 May 2017*	*25 Apr. 2019*
Magne Drage	*Stiklestadveien 1, 7041 Trondheim, Norway*	*Deputy board member, employee representative*	*10 May 2017*	*25 Apr. 2019*
Trude Støren	*Stiklestadveien 1, 7041 Trondheim, Norway*	*Deputy board member, employee representative*	*10 May 2017*	*25 Apr. 2019*

9.2.2 Brief biographies of the current Board members

The following provides a profile of the members of the Board of Directors as of the date of this Prospectus.

Eystein Eriksrud, Chairman of the Board

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., Siem Kapital AS, Siem Capital UK Ltd. and Siem Europe Sarl. Prior to joining Siem Industries in October 2011, Eystein Eriksrud was partner of the Norwegian law firm Wiersholm, 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 has served on the boards of Privatbanken ASA and Tinfos AS as well as a number of other boards. 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), Siem WIS AS (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 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).
Previous directorships and senior management positions last five years	*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),*
Previous directorships and senior management positions	*Sinoceanic ASA (Director), Bravida Capital Hong Kong (Director), Statoil ASA (Director), GIEK (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 of 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	*Songa Offshore (Director), 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*

Mimi Berdal, Board member

Mimi K. Berdal currently runs an independent legal and corporate counseling business. She holds a Cand. Jur. (law) degree from the University of Oslo and is admitted to the Norwegian Bar Association. Mimi Berdal 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 Norske Skogindustrier ASA. She is a Norwegian citizen.

Current directorships and senior management positions	*Gassco AS (Chairman), Itera ASA (Director), Interoil E&P ASA (Director), Norske Skogindustrier 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 Partner at RWC Partners and Co-Head of the RWC European Focus Fund. He has been responsible for the RWC European Focus Fund since February 2009 and oversees and manages all engagement activities with companies in the fund's portfolio. Furthermore, Petteri Soininen currently serves as a member of the Supervisory Board of AMG Advanced Metallurgical Group N.V. Previously he worked as strategy consultant with The Boston Consulting Group (BCG) in Europe and the US. He has some 20 years of experience in collaborating with top management to design and implement change programs including major transformations to deliver sustainable shareholder value. He is a Finnish citizen.

Petteri 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	*Hermes Focus Asset Management Europe Limited, 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 five years, he has been the Operations Manager for the EMEA region. Adam Robinson has been an ***EMGS*** employee since 2005.

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

Marte Vist Karlsen, Board member

Marte Vist Karlsen has experience from companies working in an international environment and with international trade. She has been Crewing Manager in EMGS since July 2010 and part of the acquisition management group. Marte 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 Drage, Deputy Board member

Magne Drage has a PhD in Geophysics from University of Bergen / University Centre in Svalbard. He has worked for the Norwegian Defence Estates Agency, before he joined EMGS in May 2006. He has had different positions (Field Geophysicists, Senior Engineer, Mgr. GSO, Mgr. Geosolutions, Technical (sales) Advisor in EMGS Asia Pacific, Operations Mgr. EMEA) and he has been working as a Lead Support Geophysicist in the GeoX group since October 2015.

Current directorships and senior management positions	***EMGS*** *ASA (Deputy Board member)*
Previous directorships and senior management positions last five years	*n.a*

Trude Støren, Deputy Board member

Trude Støren received a PhD in Physics from NTNU on design and development of one of the world's first Optical Coherence Interferometers. Joined EMGS in 2005 as a Senior Physicist working on research and development of modelling and inversion SW. She has been the manager of the Research group since 2010.

Current directorships and senior management positions	***EMGS*** *ASA (Deputy Board member, Research Manager)*
Previous directorships and senior management positions last five years	*n.a.*

9.2.3 Board committees

The Board has established the following three board committees: (i) Audit committee, (ii) Compensation committee and (iii) Strategy committee. The Board has established and stipulated instructions for these committees.

<u>Audit committee</u>

The audit committee is appointed by the Board. Its 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 per 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 of section 6-42 of the Norwegian Public Limited Companies Act. All members of the audit committee are independent of the Company's executive management.

Compensation committee

The compensation committee makes proposals to the Board on the employment terms, as well as conditions and total remuneration of the CEO and other executive personnel.

As per 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.

Strategy Committee

A strategy committee was established by the Board on 11 February 2015. The committee shall contribute to the Company's strategy development.

As per the date of this Prospectus, the strategy committee consists of the following:

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

9.2.4 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 2016, the total remuneration was NOK 1.6 million and the remuneration was approved by the Annual General Meeting in 2016. The table below sets out the remuneration and benefits of each of the members of the Board for the financial year 2016. For further information, please see note 6 of the Company's 2016 annual accounts that is by reference incorporated hereto, see Section 16.2 "Documents incorporated by reference".

Amounts in USD 1.000

Name	***Remuneration***	***Bonus***	***Pension***	***Stock options***	***Total***	***Term expired***
Eystein Eriksrud	*41*	*0*	*0*	*0*	*41*	*n.a*
Anne Øian	*47*	*0*	*0*	*0*	*47*	*n.a*
Guro Høyaas Løken	*19*	*0*	*0*	*0*	*19*	*9 Jun. 2016*
Johan Kr. Mikkelsen	*32*	*0*	*0*	*0*	*32*	*n.a*
Mimi K. Berdal	*44*	*0*	*0*	*0*	*44*	*n.a*
Petteri Soinen	*0*	*0*	*0*	*0*	*0*	*n.a*
Total	***183***	***0***	***0***	***0***	***183***	

The remuneration and benefits have been converted from NOK to USD using the 2016 average NOK/USD exchange rate of 8.3990

The employee's representatives were not paid director's fees in 2016.

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

EMGS held the Annual General Meeting on 25 April 2017. The Annual General Meeting approved the payment of remuneration to the Board of Directors in 2017 and until the Annual General Meeting in 2018 to be as follows:

- Shareholder elected directors, including the Chairman of the Board: 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 Committee.

9.2.5 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 per the date of this Prospectus.

9.3 Founders

In 1997, Terje Eidesmo and Svein Ellingsrud conceived the idea of adapting CSEM technology to identify offshore hydrocarbon reservoirs below the seabed. The concept was trialed using a towed, high-power source of CSEM energy and a series of receivers placed at known locations on the seabed. By logging the refracted energy from subsurface layers, Eidesmo and Ellingsrud could identify areas of high electrical resistivity – an indicator of of the absence of brine or presence of hydrocarbons.

Following patent submission, the process of testing the theory continued unabated for five years, from small-scale tank tests to the rigors of a full survey in Angola and the Norwegian Sea.

The technique, initially termed seabed logging because of its similarities to borehole resistivity logging, proved successful. Electromagnetic Geoservices, ***EMGS***, was then established to provide the first commercial service in 2002.

Svein Ellingsrud has an MSc (1986) and a PhD (1990) in physics from the Norwegian University of Science and Technology. He joined Statoil in Trondheim in 1992 as a research scientist focusing on petrophysics, rock physics, geophysics and electromagnetic techniques. Svein was the project manager from 1997 for the internal Statoil project that later became the background for establishing ***EMGS***. In 2002, Svein joined ***EMGS*** as one of its founders and became vice president for research and development. He had responsibility for all technology development within ***EMGS*** until May 2008. Svein was also chief technology officer from 2007 until May 2008. After one and a half years as an executive adviser to KMS Technologies, Inc., Svein rejoined ***EMGS*** in late 2009.

Terje Eidesmo served as the Chief Executive Officer and President of ***EMGS*** since the establishment of the Company in January 2002 until 2009. After that, he served as an Executive Director within Sales and Marketing. Terje holds a PhD from the University of Trondheim and has held professorship at the Norwegian University of Science and Technology. From 1991 to 2002 Terje worked at Statoil as a Petro Physicist, Senior Petro Physicist and a Project Manager where his main area was nuclear magnetic resonance logging. Terje Eidesmo resigned in January 2014.

9.4 Executive Management

As of the date of this Prospectus, ***EMGS***' Executive Management team consists of two members. This includes the executive officers, being the Chief Executive Officer (CEO) and Chief Financial Officer (CFO).

9.4.1 Members of the Executive Management

The table below sets forth the current members of ***EMGS***' Executive Management team, their position and their business address as per the date of this Prospectus.

Name	***Business address***	***Position***
Christiaan Vermeijden	*Karenslyst Allè 4, 0278 Oslo, Norway*	*Chief Executive Officer*
Hege Veiseth	*Stiklestadveien 1, 7041 Trondheim, Norway*	*Chief Financial Officer*

9.4.2 Brief biographies of the Executive Management

The following provides a profile of the members of the Executive Management team of ***EMGS*** as of the date of this Prospectus.

Christiaan Vermeijden, Chief Executive Officer

Christiaan Vermeijden came from the position as Global Offshore Geotechnical Director of Fugro N.V., where he was part of the Executive Management team. 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. Christiaan joined ***EMGS*** in the position as CEO in February 2016.

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

Current directorships and senior management positions	***EMGS*** *ASA (CEO)*

Previous directorships and senior management positions last five years	*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*

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, Hege was the Group Controller of the Company. Before joining ***EMGS***, she worked as an auditor in EY for 7 years, including as auditor for ***EMGS***. Hege has a MSc in Economics and Business Administration from the Norwegian School of Economics (NHH) and a MSc in Accounting and Auditing from the Norwegian Business School (BI).

Current directorships and senior management positions	***EMGS*** *ASA (CFO)*
Previous directorships and senior management positions last five years	***EMGS*** *ASA (Group Controller)*

9.4.3 Remuneration and benefits of Executive Management

EMGS reports the remuneration of its executive management in its annual report.

The salaries and other benefits paid to members of ***EMGS'*** Executive Management team for the financial year ended 31 December 2016 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	379	0	35	17	84	515	n.a
Hege Veiseth	219	0	2	19	4	244	n.a
David Neser	252	0	272	19	24	567	Feb. 2017
Ole A. Heggheim	208	0	16	3	-47	180	Feb. 2016
Stig Eide Sivertsen	200	0	4	0	0	204	Jan. 2016
Total	**1 258**	**0**	**329**	**58**	**65**	**1 710**	

The remuneration and benefits have been converted from NOK to USD using the 2016 average NOK/USD exchange rate of 8.3990

For the year ended 31 December 2016, ***EMGS***' total compensation for the Executive Management team was NOK 14,336 million.

EMGS has employment agreements with Executive Management. These agreements do not have a fixed term. Upon termination by the Company, the CEO is entitled to a severance payment up to 12 months. The remaining Executive Management does not have any clause of severance pay in the agreement or other benefits upon termination of their employment. The employment agreements contain non-compete clauses which, upon termination of an individuals' contract, prevent the individual from working for any entity in direct or in indirect competition with ***EMGS*** for a certain period.

All members of the Executive Management team, including the CEO, have fixed salaries. In addition, the Executive Management participates in a bonus program linked to annual performance. The objective of the program is to compensate individuals based in 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.

9.4.4 Loans and guarantees for members of the Executive Management

EMGS has no outstanding loans or guarantees to any member of the management team as per the date of this Prospectus.

9.5 Employees

The following table sets forth the number of employees in ***EMGS*** per location as of 31 December 2016.

Location	***Number of employees***
Trondheim, Norway	*59*
Oslo, Norway	*20*
Offshore	*42*
Houston, USA	*6*
Kuala Lumpur, Malaysia	*9*
Other	*7*
Total	***143***

As of 31 March 2017, ***EMGS*** had 134 employees.

As of 31 December 2015, ***EMGS*** had 239 employees and 311 employees as of 31 December 2014.

9.5.1 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 non-variable element ("**Base Salary**") and variable elements such as bonus, stock 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 applied using Company performance and individual performance. Long term incentives, such as stock option plan, is applied by assessing the criticality of the role to the Company, as an instrument to retain critical skills in the Company.

The Performance bonus program is linked to annual performance. The objective of the program is to compensate individuals based on achieving of the Company's 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.

In 2016, the Company implemented a new sales incentive plan that replaced the previous commission based structure of 0.3 % (+ 0.2%) of net revenue. The new incentive plan is 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 max potential (depending on performance) is either 3 or 4 months' salary, depending on level in organisation. The participants are not eligible for any other performance based bonus program within the Group.

9.5.2 Employee incentive schemes

EMGS has a Stock Option Plan which is used to attract and retain key employees. The program 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 grant. The vesting period is four years, and the grant 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.

In the Annual General Meeting held in April 2017, it was resolved to authorise the Board to issue options in an amount which, together with the outstanding option never exceed 7.5% of the registered number of shares in the Company in the aggregate.

As of 31 December 2016, 423,024 options are issued and outstanding with a weighted average exercise price of NOK 190.60.

9.5.3 Pension scheme

EMGS has defined contribution pension plans, and the plan applicable for Norway and 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, where G is the base amount (*Nw:* Folketrygdens grunnbeløp) that equals to NOK 92,576 as of 31 March 2017.

Employees not eligible for coverage under the defined contribution plan applicable in Norway are eligible to participate in other Company 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 23 in the Annual Report 2016, incorporated by reference to this Prospectus, see Section 16.2 "Documents incorporated by reference".

9.5.4 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.

9.6 Board Practices and Corporate Governance Compliance

9.6.1 Board Practices

The Board has the ultimate responsibility for the management of ***EMGS*** 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 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 is responsible for the appointment of the CEO.

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

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

The Board 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.

9.6.2 Nomination Committee

EMGS has a Nomination Committee elected by the Annual General Meeting. According to article 11 in the Company's Articles of Association, the 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 per 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 two of ***EMGS'*** largest shareholders, namely Siem Investments Inc. and Perestroika AS respectively.

The Nomination Committee proposes candidates for election to the Board of Directors and for the remuneration of the members of the Board. Also, the committee proposes candidates for election to the Nomination Committee and suggests changes to the mandate or guidelines for the Nomination Committee.

EMGS' Nomination Committee is in contact with shareholders, the Board and the ***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.

9.6.3 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 and the management team 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 will be autonomous and independent of the Company's executive management
- ***EMGS***' Board 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 its Board and its executive management
- ***EMGS*** will ensure a clear division of responsibility between the Board 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 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 Norwegian Code of Practice for Corporate Governance dated 30 October 2014 (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

EMGS complies with the current Code, issued on 30 October 2014. The Company provides a report on its principles for corporate governance in its annual report 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 2016, incorporated by reference into this prospectus.

9.7 Conflicts of interest, family relationships, directorships etc.

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

There are no conflicts of interest or potential conflicts of interest between any duties to the issuer, 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. The Company and the Board of Directors also confirm that there are no such potential conflicts of interest, except for in connection with related party transactions as described in Section 9.8 "Certain relationships and related party transactions" and the ones listed below:

<u>Eystein Eriksrud, Chairman of the Board and the Compensation Committee and a member of the Audit Committee and the Strategy Committee</u>

Mr. Eriksrud is currently the Deputy CEO of the Siem Industries Group, which is the largest shareholder in ***EMGS*** through Siem Investments Inc. with a total shareholding as of the Record Date of 7,844,249. The Siem Industries Group will receive 14,025,234 Subscription Rights in the Rights Issue, which could be converted into 14,025,234 shares if all allocated Subscription Rights are used to subscribe for shares. In addition, Mr. Eriksrud holds 28,013 shares in ***EMGS*** through Laburnum AS. Laburnum AS will be allocated 50,086 Subscription Rights in the Rights Issue, which could be converted into 50,086 shares if all allocated Subscription Rights are used to subscribe for shares. Mr. Eriksrud is, thus, not considered an independent Board member.

<u>Petteri Soininen, Chairman of the Strategy Committee, member of the Board and the Compensation Committee</u>

Mr. Soininen is Partner at RWC Partners and Co-Head of the RWC European Focus Fund. RWC Partners is the third largest shareholder in ***EMGS*** with a total shareholding as of the Record Date of 4,507,948. RWC Partners will receive 8,060,048 Subscription Rights in the Rights Issue, which could be converted into 8,060,048 shares if all allocated Subscription Rights are used to subscribe for shares. Mr. Soininen is, thus, not considered an independent Board member.

<u>Johan Kr. Mikkelsen, member of the Board, the Compensation Committee and the Strategy Committee</u>

Mr. Mikkelsen is the Chief Technology Officer of Perestroika AS, which is the second largest shareholder in ***EMGS*** with a total shareholding as of the Record Date of 6,993,857. Perestroika AS will receive 12,504,763 Subscription Rights in the Rights Issue, which could be converted into 12,504,763 shares if all allocated Subscription Rights are used to subscribe for shares. Mr. Mikkelsen is, thus, not considered an independent Board member.

<u>Kristian Siem, Chairman of the Nomination Committee</u>

Mr. Siem is the founder and is currently the Director and Chairman of Siem Industries Group., which is the largest shareholder in ***EMGS*** through Siem Investments Inc. with a total shareholding as of the Record Date of 7,844,249. The Siem Industries Group will receive 14,025,234 Subscription Rights in the Rights Issue, which could be converted into 14,025,234 shares if all allocated Subscription Rights are used to subscribe for shares. Mr. Siem is, thus, not considered an independent member of the Nomination Committee.

<u>Frederik W. Mohn, member of the Nomination Committee</u>

Mr. Mohn is the owner of Perestroika AS, which is the second largest shareholder in ***EMGS*** with a total shareholding as of the Record Date of 6,993,857. Perestroika AS will receive 12,504,763 Subscription Rights in the Rights Issue, which could be converted into 12,504,763 shares if all allocated Subscription Rights are used to subscribe for shares. Mr. 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.

9.8 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, members of the executive personnel or close associates of any such parties, the Board 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.

9.8.1 Agreements with related parties

The Company has an agreement with Ocean Seismic de Mexico S.A. de C.V (Ocean Seismic). Ocean Seismic provides marketing services on behalf of ***EMGS*** relating to work for PEMEX. Under the terms of the agreement, Ocean Seismic is entitled to receive 5% commission on each PEMEX contract obtained by the Company. Bjarte Bruheim, previous chairman of the Board of Directors and CEO of ***EMGS*** holds 16% of the shares in Ocean Seismic.

In 2014 ***EMGS*** purchased services from Fedem Technology AS ("**Fedem**") where ***EMGS'*** former CEO Roar Bekker holds the position as Chairman of the Board. Fedem offers a.o engineering services to the oil and gas industry.

9.9 Transactions with related parties

The table below sets out transactions in 2014, 2015, 2016 between ***EMGS*** and a current related party of ***EMGS***. The Company has not been involved in any new transactions with related parties during the three months ended 31 March 2017.

Purchases of goods and services:

Figures in USD thousands	**2017 1.1-31.03**	**2016**	**2015**	**2014**
Ocean Seismic	-	86	341	2 969
Fedem	-	0	0	36
Total	-	**86**	**341**	**3 005**

Year end balances arising from purchases of goods and services:

Figures in USD thousands	**2017 31.03.**	**2016**	**2015**	**2014**
Ocean Seismic	-	86	341	0
Fedem	-	0	0	0
Total	-	**86**	**341**	**0**

9.10 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.

9.11 Shareholdings

9.11.1 Board of Directors

As of the date of this prospectus, three of the Board Members hold Shares and four Board Members hold options in the Company. In addition to their current holding, these shareholders will be allocated Subscription Rights in connection with the Rights Issue. An overview of the shareholdings, options and Subscription Rights of the Company's Board Members is displayed below.

Board Member	***Number of shares***	***Number of options***	***Number of Subscription Rights***
Eystein Eriksrud	*28,013*	*0*	*50,086*
Mimi K. Berdal	*15,000*	*0*	*26,819*
Adam Robinson	*73*	*3,175*	*131*
Marte Vist Karlsen	*0*	*1,875*	*0*
Magne Drage	*0*	*425*	*0*
Trude Støren	*0*	*2,750*	*0*

9.11.2 Executive Management

As of the date of this prospectus, one member of the Executive Management holds Shares and two of the members of the Executive Management team hold options in the Company. In addition to their current holding, these shareholders will be allocated Subscription Rights in connection with the Rights Issue. An overview of the shareholdings, options and Subscription Rights of the Company's Executive Management team is displayed below.

Executive Manager	***Number of shares***	***Number of options***	***Number of Subscription Rights***
Christiaan Vermeijden	*0*	*250,000*	-
Hege Veiseth	*1,642*	*2,000*	*2,936*

10. HISTORICAL FINANCIAL INFORMATION

The following historical financial data has been extracted from; (i) the audited 2014, 2015 and 2016 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 16.2 "Documents incorporated by reference"):

- Annual Report 2016: http://www.emgs.com/annual_reports/
- Annual Report 2015: http://www.emgs.com/annual_reports/
- Annual Report 2014: http://www.emgs.com/annual_reports/

10.1 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 2016, incorporated by reference to this Prospectus, see Section 16.2 "Documents incorporated by reference".

10.2 Consolidated historical financial information

10.2.1 Consolidated Income Statement

The Company's consolidated income statements for the three years ended 31 December 2014, 2015 and 2016 and three months ended 31 March 2016 and 2017 are set out below.

Figures in USD thousands	**Q1 2017 Unaudited**	**Q1 2016 Unaudited**	**2016 Audited**	**2015 Audited**	**2014 Audited**
Operating revenues					
Contract sales	701	13 037	21 797	45 008	137 222
Multi-client pre-funding	830	0	579	3 546	13 140
Multi-client late sales	2 386	0	22 151	32 586	47 661
Total revenues	**3 918**	**13 037**	**44 527**	**81 140**	**198 023**
Operating expenses					
Charter hire, fuel and crew expenses	2 766	5 563	18 176	32 402	61 300
Employee expenses	5 172	7 483	25 097	44 826	55 172
Depreciation and ordinary amortisation	1 407	2 111	7 677	12 679	16 291
Multi-client amortisation	2 292	2 824	11 244	8 631	12 595
Impairment of long-term assets	0	0	17 286	31 344	2 003
Other operating expenses	1 682	3 400	10 137	20 607	22 534
Total operating expenses	**13 319**	**21 381**	**89 617**	**150 489**	**169 895**
Operating profit/(loss)	**-9 402**	**-8 344**	**-45 090**	**-69 349**	**28 128**
Financial income and expenses					
Interest income	14	51	217	352	687
Interest expense	-1 053	-1 038	-3 273	-4 055	-5 926
Change of fair value of conversation rights	0	0	0	0	-210
Net gains/(losses) of financial assets and liabilities	1 026	-4 913	-6 297	-4 106	416
Net foreign currency income/(loss)	-1 016	-1 207	1 512	4 155	8 121
Net financial items	**-1 029**	**-7 107**	**-7 841**	**-3 654**	**3 088**
Income/(loss) before income taxes	**-10 430**	**-15 451**	**-52 931**	**-73 003**	**31 216**
Income tax expense	33	0	-100	3 712	5 330
Income/(loss) for the period	**-10 464**	**-15 451**	**-52 831**	**-76 715**	**25 886**

10.2.2 Consolidated Statement of Other Comprehensive income

The Company's consolidated statement of other comprehensive income for the three years ended 31 December 2014, 2015 and 2016 and three months ended 31 March 2016 and 2017 are set out below.

Figures in USD thousands	**Q1 2017 Unaudited**	**Q1 2016 Unaudited**	**2016 Audited**	**2015 Audited**	**2014 Audited**
Income/(loss) for the period	**-10 464**	**-15 451**	**-52 831**	**-76 715**	**25 886**
Other comprehensive income					
Other comprehensive income to be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of foreign operations	-8	0	115	28	-34
Net (loss)/gain on available-for-sale (AFS) financial assets	0	7 202	7 202	-3 218	-3 984
Other comprehensive income	**-8**	**7 202**	**7 317**	**-3 190**	**-4 018**
Total other comprehensive income/(loss) for the period	**-10 472**	**-8 249**	**-45 514**	**-79 905**	**21 868**

10.2.3 Consolidated Statement of Financial Position

The Company's consolidated statement of consolidated statement of financial position for the three years ended 31 December 2014, 2015 and 2016 and three months ended 31 March 2016 and 2017 are set out below.

Figures in USD thousands	31.03.2017 Unaudited	31.03.2016 Unaudited	2016 Audited	2015 Audited	2014 Audited
ASSETS					
Non-current assets					
Goodwill	0	0	0	0	14 422
Deferred tax asset	0	0	0	0	3 008
Multi-client library	21 643	41 187	24 332	42 267	33 758
Other intangible assets	2 399	3 409	2 457	3 703	3 220
Property, plant and equipment	12 874	15 920	13 901	16 773	19 247
Assets under construction	28 353	27 139	28 255	26 566	31 164
Financial assets	0	0	0	1 387	4 766
Total non-current assets	**65 268**	**87 655**	**68 945**	**90 696**	**109 585**
Current assets					
Spare parts, fuel, anchors and batteries	7 565	10 503	7 854	11 754	14 906
Trade receivables	3 336	15 633	8 534	18 580	65 531
Other receivables	6 337	6 686	7 080	5 665	18 649
Cash and cash equivalents	12 995	19 978	14 038	31 749	25 213
Restricted cash	4 780	5 806	4 841	6 680	1 400
Total current assets	**35 013**	**58 606**	**42 347**	**74 428**	**125 699**
Total assets	**100 282**	**146 261**	**111 292**	**165 124**	**235 284**
EQUITY					
Capital and reserves attributable to equity holders					
Share capital, share premium and other paid-in equity	319 272	319 112	319 283	319 039	287 398
Other reserves	-1 615	-1 722	-1 608	-8 925	-5 735
Retained earnings	-295 439	-247 596	-284 975	-232 144	-155 429
Total equity	**22 218**	**69 794**	**32 700**	**77 970**	**126 234**
LIABILITIES					
Non-current liabilities					
Financial liabilities	4 479	0	4 668	0	0
Provisions	19 645	15 535	19 140	17 371	15 299
Borrowings	29 042	32 514	31 636	30 848	46 859
Total non-current liabilities	**53 166**	**48 049**	**55 444**	**48 219**	**62 158**

Figures in USD thousands	**31.03.2017 Unaudited**	**31.03.2016 Unaudited**	**2016 Audited**	**2015 Audited**	**2014 Audited**
Current liabilities					
Trade payables	4 850	6 277	6 672	10 439	13 362
Current tax liabilities	5 841	5 641	5 853	5 257	4 573
Other short term liabilities	10 923	12 262	10 372	16 243	27 270
Financial liabilities	0	4 019	0	6 326	0
Borrowings	3 285	219	251	670	1 687
Total current liabilities	**24 899**	**28 418**	**23 148**	**38 935**	**46 892**
Total liabilities	**78 064**	**76 467**	**78 592**	**87 154**	**109 050**
Total equity and liabilities	**100 282**	**146 261**	**111 292**	**165 124**	**235 284**

10.2.4 Consolidated Statement of Cash Flows

The Company's consolidated statement of consolidated statement of cash flows for the three years ended 31 December 2014, 2015 and 2016 and three months ended 31 March 2016 and 2017 are set out below.

Figures in USD thousands	31.03.2017 Unaudited	31.03.2016 Unaudited	2016 Audited	2015 Audited	2014 Audited
Net cash flow from operating activities					
Income/(loss) before income taxes	-10 430	-15 451	-52 931	-73 003	31 216
Adjustments for:					
Withholding tax expenses	4	877	1 219	987	3 353
Total taxes paid	-49	-494	-522	-1 008	-3 853
Depreciation and ordinary amortisation	1 406	2 111	7 677	12 679	16 291
Multi-client amortisation and impairment	2 292	2 824	27 722	23 952	14 598
Impairment of other long term assets	0	0	808	16 023	0
Non-cash portion of pension expense	0	0	0	0	-3 452
Cost of share-based payment	-11	74	245	104	2 127
Change in trade receivables	5 198	2 947	10 046	46 951	-34 011
Change in inventories	289	1 251	3 900	3 152	-1 916
Change in trade payables	-1 822	-4 163	-3 767	-2 924	-2 581
Change in other working capital	3 258	-245	2 317	-230	5 187
Financial gain on bond repayment	-836	0	0	-2 088	0
Amortisation of interest	605	593	2 413	3 709	4 755
Net cash flow from operating activities	**-96**	**-9 676**	**-873**	**28 304**	**31 714**
Investing activities					
Purchase of property, plant and equipment	-428	-586	-3 398	-7 658	-19 835
Investment in financial assets	0	0	0	0	-8 999
Investment in multi-client library and JIP test	-963	-1 744	-11 500	-34 379	-30 634
Sale of financial assets	0	1 375	1 375	0	0
Cash used in investing activities	**-1 391**	**-955**	**-13 523**	**-42 037**	**-59 468**
Financing activities					
Financial lease payments - principal	-43	-140	141	-299	-185
Proceeds from issuance of ordinary shares	0	0	0	31 536	22
Repayment/settlement of loan and FRA	-1 954	-409	-1 143	-8 898	-1 224
Proceeds from new loan	3 013	0	0	945	3 310
Payment of interest on bonds	-572	-592	-2 313	-3 015	-4 261
Cash provided by financial activities	**444**	**-1 141**	**-3 315**	**20 269**	**-2 338**
Net change in cash	**-1 043**	**-11 771**	**-17 711**	**6 536**	**-30 092**
Cash balance beginning of period	14 038	31 749	31 749	25 213	55 305
Cash balance end of period	12 995	19 978	14 038	31 749	25 213
Net change in cash	**-1 043**	**-11 771**	**-17 711**	**6 536**	**-30 092**

10.2.5 Consolidated Statement of Changes in Equity

The Company's consolidated statement of consolidated statement of cash flows for the three years ended 31 December 2014, 2015 and 2016 and three months ended 31 March 2016 and 2017 are set out below.

Figures in USD thousands	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 2013	**285 249**	**-1 717**	**0**	**-181 315**	**102 217**
Income/(loss) for the period	0	0	0	25 886	25 886
Other comprehensive income	0	-34	-3 984		-4 018
Total comprehensive income	**0**	**-34**	**-3 984**	**25 886**	**21 868**
Proceeds from shares issued - options exercised	22	0	0	0	22
Cost of share-based payments	2 127	0	0	0	2 127
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	-10 464	-10 464
Other comprehensive income	0	-8	0	0	-8
Total comprehensive income	**0**	**-8**	**0**	**-10 464**	**-10 472**
Share based payments	-11	0	0	0	-11
Balance at 31 March 2017	**319 272**	**-1 615**	**0**	**-295 439**	**22 218**

10.3 Segment reporting

For management purposes, the Group is organised into one reportable segment. 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:

Figures in USD thousands	Q1 2017 Unaudited	Q1 2016 Unaudited	2016 Audited	2015 Audited	2014 Audited
Operating revenues					
Europe, Middle East and Africa	3 528	330	18 546	34 076	97 343
North and South America	233	163	5 421	36 096	82 592
Asia and the Pacific Ocean	157	12 554	20 560	10 967	18 088
Total revenues	**3 918**	**13 047**	**44 527**	**81 140**	**198 023**

10.4 Operating and financial review

The discussion below is based on the audited consolidated financial information for the Company for the years ended 31 December 2014, 2015 and 2016 and three months ended 31 March 2017 and 2016, as presented above and incorporated by reference to this Prospectus (see Section 16.2 "Documents incorporated by reference").

10.4.1 Development in 2014

Operating results

Revenues and operating expenses

The Group recorded revenues of USD 198.0 million in 2014, up from USD 144.6 million reported in 2013. Contract sales ended at USD 137.2 million, while multi-client sales totaled USD 60.8 million. The multi-client sales consisted of USD 13.1 million in Pre-Funding revenues and USD 47.7 million in late sales revenues. In 2013, USD 111.3 million was contract sales, while multi-client sales came in at USD 33.3 million. This means that the revenue from multi-client projects increased by 83% from 2013 to 2014. Multi-client sales constituted 31% of the revenues in 2014, compared with 23% in 2013.

The Group recorded 44 vessel months (3.7 vessel years) in 2014, compared with 42.5 vessel months (3.5 years) in 2013. The increase in revenues from 2013 to 2014 can mainly be explained by the increase in number of vessel months, a slight increase in utilisation, as well as the significant increase in multi-client sales.

Charter hire, fuel and crew expenses ended at USD 61.3 million in 2014, an increase of USD 10.1 million from the USD 51.2 million reported in 2013. The increase mainly reflects higher operational activity. The Company's capitalisation of multi-client costs for the year was USD 30.6 million in 2014 and USD 26.3 million in 2013.

Employee expenses amounted to USD 55.2 million in 2014, slightly up from USD 54.3 million reported in 2013. The expenses related to salaries increased by 15%, which can be explained by the number of employees increasing from 286 at the end of 2013 to 311 at the end of 2014 and the higher bonus accrual in 2014.

For the full year 2014, other operating expenses came in at USD 22.5 million, which are in line with the USD 21.5 million recorded in 2013.

Depreciation, amortisation and impairment

Depreciation and ordinary amortisation totaled USD 16.3 million in 2014, down from USD 17.5 million in 2013. The decrease is due to assets becoming fully depreciated.

Multi-client amortisation came in at USD 12.6 million in 2014, in line with the USD 12.3 million reported in 2013. The amortisation expense only includes amortisation of costs directly linked to production, such as acquisition costs, processing costs, and direct project costs.

A multi-client impairment of USD 2.0 million was recorded in 2014, relating to the Sunshine project in the US Gulf of Mexico. No impairment was recorded in 2013.

Financial items and result for the year before and after taxes

Interest expenses ended at USD 5.9 million in 2014, down from USD 7.2 million in 2013. ***EMGS*** recorded a gain on net foreign currency of USD 8.1 million this year, compared with a gain of USD 5.8 million recorded in 2013. The gain is mainly related to the Company's bond loan of NOK 350 million.

Net financial items ended at USD 3.1 million, up from a negative USD 0.9 million in 2013.

For 2014, ***EMGS*** recorded a profit before income taxes of USD 31.2 million, compared with a loss of USD 13.2 million in 2013.

Income tax expenses of USD 5.3 million were recorded in 2014, compared with USD 1.9 million in 2013. These taxes were related to results in foreign jurisdictions.

EMGS therefore reported a net profit of USD 25.9 million for 2014, up from a loss of USD 15.1 million in 2013.

Cash flow and balance sheet

Cash flow from operating, investing and financing activities

Despite the fact that income before income tax increased from a loss of USD 13.2 million in 2013 to a profit of USD 31.2 million in 2014, net cash flow from operating activities in 2014 was USD 31.7 million, down from the USD 51.9 million reported in 2013. The decrease in cash flow from operating activities is mainly a result of an increase in trade receivables of USD 34.0 million in 2014, caused by record-high sales in December 2014. A high proportion of the trade receivables have been collected by the end of February.

EMGS applied USD 59.5 million in investing activities in 2014. The investments consist of USD 19.8 million in property, plant and equipment, whereas investments related to the JIP amounted to USD 12.7 million. The Company invested USD 30.6 million in its multi-client libraries in the Barents Sea, Canada and US Gulf of Mexico, as well as USD 9.0 million in financial assets, which includes the investment in shares in North Energy. In 2013, cash applied in investing activities amounted to USD 45.3 million.

Cash flow from financial activities was negative with USD 2.3 million in 2014, compared with a positive USD 9.5 million in 2013. The main reason for the change was that the Company had a net positive contribution of USD 14.7 million in 2013 after issuance of a new bond loan and repayment of the old loan.

Cash decreased by USD 30.1 million in 2014. At 31 December 2014, cash and cash equivalents totaled USD 26.6 million, including USD 1.4 million in restricted cash.

Financial position

EMGS' total assets amounted to USD 235.3 million at 31 December 2014, up from USD 214.2 million at 31 December 2013.

This includes an increase of USD 12.0 million in assets under construction, which mainly includes the JIP and a net increase in the multi-client library of USD 5.7 million. The carrying value of the library is net of the contribution from TGS of a total of USD 8.0 million during 2014 from joint projects in the Barents Sea.

The above-mentioned increase in trade receivables of USD 34.0 million is partly offset by the decrease in cash and cash equivalents of USD 30.1 million.

Total borrowings were USD 48.5 million at the end of 2014, down from 56.8 million at 31 December 2013; the reduction is mainly reflecting the currency effect of the NOK 350 million bond loan.

10.4.2 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 accounts 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 sheet

Cash 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. 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 outstanding bond loan. 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. At 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 at 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 at the end of 2015, an increase of USD 8.5 million since the end of 2014.

Total borrowings were USD 31.5 million at the end of 2015, down from 48.5 million at the end of 2014, mainly reflecting the partial payback of the bond loan, as well as currency effects from the loan.

10.4.3 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 at the end of 2015 to 143 at the end of 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 sheet

Cash 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.

10.5 Significant changes in financial trading and trading positions after 31 December 2016

10.5.1 Subsequent events

Since 31 December 2016, the following changes have occurred:

New charter agreement for the BOA Thalassa

In January 2017, ***EMGS*** entered into an extended charter agreement of 2 years for the vessel BOA Thalassa with BOA SBL AS (owner of the vessel) at new and improved commercial terms, i.e. approximately 20% below the previous contract and additional flexibility (‘pay as you go') during six months in 2017.

Financing

On 22 March 2017, the Company announced that the it had entered into an agreement with DNB Bank ASA whereby the existing (i) USD 10 million revolving credit and (ii) the USD 10 million Guarantee facility will be made fully available to the Company based on security in the form of guarantees from Siem Industries Inc. and Perestroika AS who will receive market level guarantee commission. This was done to improve the free cash position and ensure compliance with the minimum liquidity covenant in the Companys bond loan.

Bond buy back

On 23 March 2017, the Company offered its bondholders in its bond issue to buy back in full their nominal outstanding amount at a price equivalent to 70% of the par value. The buy back offer resulted in a buy back of the nominal amount of NOK 24 million in bond. Following the settlement, the nominal outstanding amount of the bond is NOK 246 million.

Announced contracts

- On 20 January 2017, ***EMGS*** announced that the Company and TGS-NOPEC Geophysical Co ASA (TGS) had agreed to expand the companies' cooperation agreement in the Barents Sea. TGS invested in a 3D CSEM data acquisition project related to the 24th licensing round in Norway. The contribution from TGS was booked as a reduction of the carrying value of ***EMGS'*** multi-client library.
- On 16 March 2017, ***EMGS*** announced that the Company had entered into agreements involving data licensing as well as processing and interpretation services related to 3D EM data in Norway and Mexico. The agreements represented revenues of approximately USD 2 million.
- On 24 March 2017, ***EMGS*** announced that the Company had entered into agreements involving data licensing (prefunding and late sales) related to 3D EM data in the Barents Sea, Norway. The agreements represented revenues of approximately USD 3.7 million.
- On 11 May 2017, ***EMGS*** announced that the Company had entered into various agreements with oil companies involving data licensing (late sales) related to 3D CSEM data from the library in the Norwegian Sea and Barents Sea in Norway. The agreements represented revenues of USD 3.5 million.
- On 2 June 2017, ***EMGS*** announced that the Company had entered into various agreements with oil companies involving data licensing (prefunding and late sales) related to 3D EM data in the Norwegian Sea and Barents Sea in Norway. The agreements represented revenues of USD 2.4 million.
- On 9 June 2017, ***EMGS*** announced that the Company had entered into prefunding agreements related to 3D CSEM data surveys in the Barents Sea and Norwegian Sea in Norway using the conventional technology and the new Deep Blue source. The agreements represented revenues of approximately USD 3 million. The Company also announced that the original JIP agreement had been amended wherein the Deep Blue souce is now available to te industry. The Deep Blue souce provides a significantly higher output when compared to the conventional system.

10.6 Investments

EMGS does not report investments by geographical area. As further described in Section *10.3* "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.

10.6.1 Principal investments up to 31 December 2016

The exhibit below illustrates the Group's principal investments for the years ended 31 December 2014, 2015 and 2016.

Figures in USD thousands	**2016 Audited**	**2015 Audited**	**2014 Audited**
Purchase of property, plant and equipment	3 398	7 658	19 835
Investment in multi-client library and JIP test	11 500	34 379	30 634
Investment in financial assets	0	0	8 999
Total investments	**14 898**	**42 037**	**59 468**

The Group invested a total of USD 59.5 million, USD 42.0 million, and USD 14.9 million in the fiscal years ended 31 December 2014, 2015 and 2016, respectively. For these periods, the Company made investments in property, plant and equipment, multi-client data and financial assets.

Property, plant and equipment

Investments in property plant and equipment in 2014 amounted to USD 19.8 million which mainly consisted of USD 12.7 million investment in the JIP as well as USD 3.0 million investment in new receivers and operational 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.

R&D

During 2014, 2015 and 2016, ***EMGS*** had R&D costs of USD 4.3 million, USD 2.1 million and USD 0.9 million, respectively. Certain of these R&D expenses were capitalised in accordance with IFRS. In 2014, 2015 and 2016, the Company capitalised USD 1.9 million, USD 1.1 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 2.4 million, USD 1.9 million and USD 0.2 million in modelling and interpretation software in 2014, 2015 and 2016, 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 2014 to 31 December 2016. Investments in the multi-client library in 2014 amounted to USD 20.2 million and included investments in surveys in the US Gulf of Mexico valued at USD 11.0 million, in Canada valued at USD 9.0 million and in the Barents Sea valued at USD 0.2 million net of partner investments. Investments in the multi-client library in 2015 amounted to USD 32.5 million and included four multi-client surveys in the US Gulf of Mexico at USD 16.1 million, four multi-client surveys on the Norwegian continental shelf at USD 11.8 million net of partner investments, and one project in Indonesia valued at USD 4.6 million. Investments in the multi-client library in 2016 amounted to USD 9.8 million and were mainly done on the Norwegian continental shelf. In addition, the Company invested USD 0.4 million when purchasing 3D CSEM data in Mexico for reprocessing and capitalised USD 0.5 million in muti-client investments in India.

Financial assets

Total investments into financial assets in 2014 amounted to USD 9 million and consisted of an investment in shares in North Energy ASA. These shares were sold in 2016. The Company did not make any investments in financial assets in the fiscal years ended 31 December 2015 and 2016.

10.6.2 Principal investments for the quarter ended 31 March 2017

The exhibit below illustrates the Group's principal investments for the first quarter 2017.

Figures in USD thousands	**31.03.2017 Unaudited**
Purchase of property, plant and equipment	428
Investment in multi-client library and JIP test	963
Investment in financial assets	0
Total investments	**1 391**

The Company invested a total of USD 1.4 million in the first quarter of 2017. During this period, the Company made investments in property, plant and equipment and multi-client data.

Property, plant and equipment

Investments in property plant and equipment for the first quarter of 2017 amounted to USD 0.4 million and mainly consisted of investments in the JIP.

R&D

For the first quarter of 2017, ***EMGS*** recorded USD 0.2 million of research and development costs charged to the income statement as part of operating expenses. Additionally, employee costs capitalised as development amounted to USD 0.1 million.

Multi-client data

Investments into the multi-client library in the first quarter 2017 amounted to USD 1 million and mainly consisted of surveys on the Norwegian Continental Shelf.

The Group has continued to acquired data on the Norwegian Continental Shelf in the period from 31 March 2017 until the date of this Prospectus.

10.6.3 Principal investments in progress

As per the date of this Prospectus, the Company is involved in a joint industry project for the development of next generation EM technology, as further described in Section 6.18 "Overview of contracts", that could lead to an estimated total investment by the Company of up to USD 3.0 million net of contribution from third parties. The funds will be sourced from earnings, proceeds from the Rights Issue and possibly drawdowns from the RCF .

10.6.4 Commitments to future principal investments

10.7 The Company has no commitments to future 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 6.21 "Factors affecting the Group".Summary of financing

As of 31 March 2017, the Group had the following debt facilities:

Instrument	**Security**	**Size**	**Balance as of 31.03.2017 (USD thousands)**	**Maturity**	**Interest**
NOK 246 million unsecured bond	Unsecured	NOK 246 million[1]	28,363	27.06.2019	3 mth. NIBOR + 6.0%
USD 10 million revolving credit facility ("USD 10 million revolving credit facility")	On-demand guarantees from Siem Industries Inc. and Perestroika AS	USD 10 million	3,013	Rolling	NOWA[1] + 1.5%
USD 10 million committed guarantee facility	On-demand guarantees from Siem Industries Inc. and Perestroika AS	USD 10 million	3,059	Rolling	2.00%
Finance lease liability	The leased property, plant and equipment	NOK 7.2 million	485	01.01.2020	3 mnt. NIBOR + 3.65%
Finance lease liability	The leased property, plant and equipment	NOK 4.3 million	466	01.08.2021	3 mnt. NIBOR + 3.65%

[1] Norwegian Overnight Weighted Average

10.7.1 NOK 246 million bond (the "Bond Issue")

On 26 June 2013, ***EMGS*** secured a NOK 350 million bond bearing an interest at NIBOR + 6.0% p.a. The bond is unsecured. The bond loan agreement 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 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 receivbles 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 bond issue from and including interest payment date in June 2015 to, but not included, the maturity date at 103% 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 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 will transfer a collateral if the negative market value of the contract exceeds USD 4 million. Until end of 2017, the threshold of USD 4 million will gradually be reduced to 0 for the remaining period of the contract.

10.7.2 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 bearing 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 was secured by first priority assignment of receivables in the Group. In March 2017, the Company entered into an amendment to the bank overdraft facility agreement whereby the facility will be made fully available to the Company based on security in the form of guarantees from Siem Industries Inc. and Perestroika AS who will receive market level guarantee commission. The interest was reduced by 1.0%, to Norwegian overnight weighted average + 1.5%.

The overdraft facility agreement includes the following financial covenants:

- Capital employed ratio of minimum 1/3

- Minimum free cash of USD 10 million

10.7.3 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 was secured by first priority assignment of receivables in the Group. In March 2017, the Company entered into an amendment to the bank overdraft facility agreement whereby the facility will be made fully available to the Company based on security in the form of guarantees from Siem Industries Inc. and Perestroika AS who will receive market level guarantee commission.

The guarantee facility agreement includes the following financial covenants:

- Capital employed ratio of minimum 1/3

- Minimum free cash of USD 10 million

10.7.4 Secured overdraft

On 6 February 2014, ***EMGS*** signed an overdraft agreement to fund the purchase of shares in North Energy ASA. The Company repaid the secured overdraft in January 2016. The Company's shares in North Energy ASA served as the collateral for the overdrafts.

10.7.5 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.

10.8 Capital resources and indebtness

10.8.1 Financial risk management

For a description of the Group's financial risk management, please see note 3 of the 2016 Annual Report incorporated by reference to this Prospectus, see Section 16.2 "Documents incorporated by reference".

10.8.2 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.

10.8.3 Capitalisation and indebtedness

As of 31 March 2017, the Group's capitalisation amounted to USD 100.3 million and the shareholder's equity to USD 22.2 million, which results in an equity ratio of 22.2%. The total current financial debt as of 31 March 2017 amounted to USD 24.9 million, while the liquidity amounted to USD 17.8 million and current financial receivables amounted to USD 9.7 million, resulting in a net current financial asset of 2.6 million. Total non-current financial indebtedness amounted to USD 53.2 million, resulting in a net financial indebtedness of USD 50.6 million.

At 31 March 2017, cash and cash equivalents totaled USD 17.8 million, including USD 4.8 million in restricted cash.

Figures in USD thousands	**As of 31.03.2017**
Total current debt	**24,899**
Guaranteed	0
Secured*	272
Ungaranteed/unsecured	24,627
Total non-current debt (excluding current portion of long term debt)	**53,166**
Guaranteed	0
Secured*	213
Unguaranteed/unsecured	52,953
Shareholder's equity	**22,218**
Share capital	319,272
Retained Earnings	-295,439
Other Reserves	-1,615
Total capitalisation	**100,282**

* The secured current debt is in related to the financial lease liability where property, plant and equipment serve as collateral

The table below sets forth the Group's net indebtedness as of 31 March 2017.

Figures in USD thousands	**As of 31.03.2017**
A. Cash	17,775
B. Cash equivalents	0
C. Trading securities	0
D. Liquidity (A+B+C)	**17,775**
E. Current financial receivables	**17,238**
F. Current bank/bond debt	0
G. Current portion of non-current debt	3,285
H. Other current financial debt	21,614
I. Current financial debt (F+G+H)	**24,899**
J. Current financial indebtedness (I-E-D)	**-10,114**
K. Non-current bank loans	0
L. Bonds issued	28,829
M. Other non-current loans	24,337
N. Non-current financial indebtedness (K+L+M)	**53,166**
O. Net financial indebtedness (J+N)	**43,052**

The Company does not have any other indirect or contingent indebtedness.

There have been no material changes in capital resources and indebtedness subsequent to 31 March 2017.

10.9 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 2014 were audited by EY, and their audit opinion was issued without qualifications. The 2014 audit report can be found on page 96 of the Company's 2014 Annual Report, incorporated by reference to this Prospectus, see Section 16.2 "Documents incorporated by reference".

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 16.2 "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 16.2 "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 authorisedpublic accounting firm (Norway) and member of Den Norske Revisorforening (The Norwegian Institute of Public Accountants).

11. 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.

11.1 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 (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.

11.2 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, in any other regulated market.

11.3 Share capital and share capital development

As of the date of this Prospectus, ***EMGS'*** has a fully paid share capital of NOK 32,794,139 divided into 32,794,139 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.

11.3.1 Reconciliation of the number of shares outstanding at the beginning and end of the year

As at 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 at 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 at 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 at 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.

11.3.2 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 at 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.

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.

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.

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.

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.

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.

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.

On 1 May 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.

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.

As at 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. Thereafater 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.

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 at 31 December 2016, 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.

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 consoliation	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

11.4 Board authorisations to increase share capital and acquire own shares

At the Annual General Meeting (AGM) held on 25 April 2017, the Board of ***EMGS*** was authorised, as described below, to increase the share capital and to acquire own shares. The minutes from the AGM is incorporated by reference to this Prospectus, see Section 16.2 "Documents incorporated by reference".

The Board was authorised to increase the share capital by up to NOK 32,794,139, being 10% of the registered share capital on the date of the AGM. When the reduction of the share capital whereby the nominal value of the shares is reduced from NOK 10 to NOK 1, the size of the authorisation will be reduced to NOK 3,279,413.80. When the capital incease has been performed, the authorisation shall be NOK 7,000,000, but maximum 10% of the share capital after the right issue. 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.

The Board was also given authorisation to increase the share capital by up to NOK 4,025,990. When the reduction of the share capital whereby the nominal value of the shares is reduced from NOK 10 to NOK 1, the size of the authorisation will be reduced 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.

11.5 Options

As of 31 March 2017, there are 388,849 options outstanding in the Company. The weighted average price of all the options is NOK 178.02.

Options are granted as part of an incentive scheme for ***EMGS***' directors and certain employees. As of 31 March 2017, outstanding options represent 1.2 %[11] of the issued shares in ***EMGS*** on a fully diluted basis.

The largest option holders are:

Name	***Number of options***
Christiaan Vermeijden	*250 000*
Roar Bekker[11]	*13 750*
Bjørn Petter Lindhom	*10 500*
Friedrich Roth	*8 250*

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.[12]

The options issued to Christiaan Vermeijden have a strike price of NOK 10.00. 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

[11] 388,849 options outstanding relative to 32,794,139 shares issued as of March 31 2017
[12] The options allocated to Roar Bekker during his tenure with the Company were not allured following termination as a part of his severance agreement

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.

11.6 Convertible instruments and warrants

As of 31 March 2017, the Company has no outstanding convertible instruments or warrants.

11.7 Own shares

As of 31 March 2017, the Company does not own any treasury shares.

11.8 Shareholder structure

As registered with VPS per 31 March 2017, the Company had a total of 3,491 Shareholders.

The below table shows the 20 largest shareholders in ***EMGS*** registered with VPS as at 19 June 2017.

#	*Shareholder*	**Number of shares**	**Ownership**
1	Siem Investments Inc.	7,844,249	23.92%
2	Perestroika AS	6,993,857	21.33%
3	Morgan Stanley & Co. [1]	4,507,948	13.75%
4	Bækkelaget Holding AS	1,010,000	3.08%
5	Statoil Pensjon	701,458	2.14%
6	Sportsmagasinet AS	575,001	1.75%
7	NHO – P665AK	404,485	1.23%
8	Nordnet Livsforsikring AS	368,560	1.12%
9	DNB Navigator (II)	340,473	1.04%
10	J&J Investment AS	340,000	1.04%
11	Kristian Falnes AS	300,794	0.92%
12	Statoil Forsikring AS	185,517	0.57%
13	Rygg, Jan Wiggo	156,108	0.48%
14	Flatholmen AS	137,000	0.42%
15	Nordnet Bank AB	129,887	0.40%
16	Øverland, Jarle	118,775	0.36%
17	Vestvik Preserving AS	115,746	0.35%
18	Pedersen, Finn Birk	115,000	0.35%
19	Haav Holding AS	112,500	0.34%
20	Jackwitz, Svein-Erik	112,323	0.34%

[1] RWC shareholding

All Shares carry the same voting rights, equal to one vote per Share. To the knowledge of ***EMGS***' Board, 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 14.6 "Disclosure obligations" regarding shareholding disclosure obligations regulated by Norwegian law.

As displayed 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 21.33% of the outstanding shares in ***EMGS*** as of the date of this prospectus
- RWC European Focus Fund holding 13.75% of the outstanding shares in ***EMGS*** as of the date of this prospectus

To the knowledge of the Company, no person, entity or group directly or indirectly controls the issuer to such extent that special measures is considered necessary to ensure that such control is not abused.

11.9 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.

11.10 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. At present the Company does not intend to pay dividends.

The Company has not paid dividends since the listing of the Company in March 2007. 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.

11.11 *EMGS*' Articles of Association

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 32,794,139 divided into 32,794,139 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.

11.12 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.

11.13 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.

11.14 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.

11.15 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*** (Appendix 1) 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.

11.16 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.

11.17 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.

11.18 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.

11.19 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.

11.20 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.

11.21 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.

11.22 Mandatory Bid Requirement

Norwegian law imposes mandatory bid requirements. For further details, see Section 14 "Securities trading in Norway" below.

11.23 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 14.9 "Securities Trading in Norway—Compulsory acquisition" below.

11.24 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.

11.25 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.

11.26 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.

11.27 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.

12. 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, 73/7" ("**MARP"OL**") 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 treaties on 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.

12.1 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 135uthori 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 135uthori 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.

12.2 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.

12.3 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 136 authorisation before exploration commences and may limit or prohibit exploration activities in certain areas within protected zones.

Workplace safety and health on certain vessels maybe subject to regulation by the Occupational Safety and Health Administration ("**OSHA**") and the U.S. Coast Guard under the Outer Continental Shelf Lands Act ("**OCLA**"). 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.

12.4 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.

12.5 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".

13. 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.

14. 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.

14.1 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.

14.2 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.

14.3 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.

14.4 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.

14.5 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.

14.6 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.

14.7 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.

14.8 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.

14.9 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 shareholders 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.

15. NORWEGIAN TAXATION

Set out below is a summary of certain Norwegian tax considerations relevant to the acquisition, ownership and disposition of sharesin 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 retroactivbasis. 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 24% and the effective tax rate on dividends received by natural persons resident in Norway is 29.76%. 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.

15.1 Norwegian shareholders

15.1.1 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 24% (2017), but the tax base is adjusted upwards by a factor of 1.24, thus implying an effective tax rate of 29.76% (2017).

However, onlydividend 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: *statskasseveksler*) with three months' maturity. 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 2016, was 0.4%. The risk-free interest rate for 2017 will be published mid January 2018.

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 realization 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 24%, implying that dividends distributed from the Company to Norwegian Corporate Shareholders are effectively taxed at a rate of 0.72% (2017).

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.

15.1.2 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 realiation 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 24% (2017). The tax base is adjusted upwards by a factor of 1.24, thus implying an effective tax rate of 29.76% (2017).

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 15.1.1 ”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.

15.1.3 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 realiation for Norwegian tax purposes. A capital gain or loss generated by a Norwegian IndividualShareholder 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 24%. The tax base is adjusted upwards by a factor of 1.24, thus implying an effective tax rate of 29.76% (2017).

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.

15.1.4 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 IndividualShareholders. The marginal wealth tax rate is 0.85% of the value assessed. The value for assessment purposes for listed shares 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.

15.2 Non-Norwegian shareholders

15.2.1 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 to 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 Personal Shareholders may carry forward any unused allowance, if the allowance exceeds the dividends.

Foreign Shareholders that are corporations tax-resident within the EEA for tax purposes ("**Foreign EEA Corporate Shareholders**") are exempt from Norwegian tax on dividends distributed from Norwegian limited liability companies, provided that the Foreign EEA Corporate Shareholder in fact is the beneficial owner of the shares and genuinely established within the EEA and performs genuine economic business activities within the EEA.

15.2.2 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.

15.2.3 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.

15.2.4 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.

15.2.5 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. However, the principles of continuity only apply if the donor was taxable into Norway. In the case of gifts distributed to other persons than heirs according to law or testament, the recipient will be able to revalue the received shares to market value. The same apply if the recipient receives shares from a foreign donor and the assets are included in the Norwegian tax jurisdiction.

15.3 VAT and transfer taxes

No VAT, stamp or similar duties are currently imposed in Norway on the transfer or issuance of shares.

16. ADDITIONAL INFORMATION

16.1 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.

16.2 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. The following documents have been incorporated hereto by reference:

Section in Prospectus	Incorporated by reference	Internet site	Specification
9.2.4, 9.5.3, 10	Electromagnetic Geoservices ASA – Annual Report 2016	http://www.newsweb.no/newsweb/search.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
10	Electromagnetic Geoservices ASA – Annual Report 2015	http://www.newsweb.no/newsweb/search.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
10	Electromagnetic Geoservices ASA – Annual Report 2014	http://www.newsweb.no/newsweb/search.do?messageId=373855	Income Statement: p. 31 Balance Sheet: p. 33 Cash Flow: p. 34 Equity: p. 35 Audit report: p. 96
10	Electromagnetic Geoservices ASA – Quarterly Report Q1 2017	http://www.newsweb.no/newsweb/search.do?messageId=427079	Income Statement: p. 8 Balance Sheet: p. 10 Cash Flow: p. 11 Equity: p. 12
10	Electromagnetic Geoservices ASA – Quarterly Report Q1 2016	http://www.newsweb.no/newsweb/search.do?messageId=401740	Income Statement: p. 8 Balance Sheet: p. 10 Cash Flow: p. 11 Equity: 12
11.4	Electromagnetic Geoservices ASA – Minutes from Annual General Meeting 2017	http://www.newsweb.no/newsweb/search.do?messageId=425506	Section 8

16.3 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.

17. SELLING AND TRANSFER RESTRICTIONS

17.1 General

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.

The Company does not intend to take any action to permit a public offering of the Shares 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, unless, in the relevant jurisdiction, such an invitation or offer could lawfully be made to that Eligible Shareholder, or the Subscription Rights and Shares 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. 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 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 17.

Except as otherwise noted in this Prospectus and subject to certain exceptions: (i) the Subscription Rights and New Shares 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 (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 or the New Shares. 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 and Shares, 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) unless the Eligible Shareholder is a "qualified institutional buyer" as defined in Rule 144A under the U.S. Securities Act, 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 and New Shares 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 except pursuant to an exemption from, 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 and New Shares 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 and New Shares 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, 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 17 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, 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 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 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 and New Shares, (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) 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 regarding the legality of an investment in the Subscription Rights and/or the New Shares 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 purchasing Subscription Rights and/or New Shares. 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 a purchase of Subscription Rights and/or New Shares.

A further description of certain restrictions in relation to the Subscription Rights and the Shares in certain jurisdictions is set out below.

17.2 United States

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 except pursuant to an applicable exemption from the registration requirements of the U.S. Securities Act and in compliance with the securities laws of any state or other jurisdiction of the United States. There will be no public offer of the Subscription Rights and the New Shares in the United States. A notification of exercise of Subscription Rights and subscription of New Shares in contravention of the above may be deemed to be invalid.

The Subscription Rights and New Shares are being offered and sold outside the United States in reliance on Regulation S under the U.S. Securities Act. Any offering of the Subscription Rights and New Shares by the Company to be made in the United States will be made only to a limited number of "qualified institutional buyers" (as defined in Rule 144A under the U.S. Securities Act), pursuant to an exemption from registration under the U.S. Securities Act who have executed and returned an Eligible Shareholder letter to the Company prior to exercising their Subscription Rights. Prospective purchasers are hereby notified that sellers of the Subscription Rights and the New Shares may be relying on an exemption from the provisions of Section 5 of the U.S. Securities Act provided by Rule 144A.

Accordingly, subject to certain limited exceptions, this Prospectus will not be sent to any Shareholder with a registered address in the United States. In addition, the Company and the Receiving Agentreserve 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.

Any recipient of this document in the United States is hereby notified that this Prospectus has been furnished to it on a confidential basis and is not to be reproduced, retransmitted or otherwise redistributed, in whole or in part, under any circumstances. Furthermore, recipients are authorised to use it solely for the purpose of considering an investment in the Rights Issue and may not disclose any of the contents of this document or use any information herein for any other purpose. This document is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for New Shares or otherwise acquire Subscription Rights and/or New Shares. Any recipient of this document agrees to the foregoing by accepting delivery of this document.

Until 40 days after the commencement of the Rights Issue, any offer or sale of the Subscription Rights and New Shares within the United States by any dealer (whether or not participating in the Rights Issue) may violate the registration requirements of the U.S. Securities Act.

The Subscription Rights and the New Shares 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 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 are distributed, offered or sold in the United States, by accepting delivery of this Prospectus or by its subscription for New Shares, will be deemed to have represented and agreed, on its behalf and on behalf of any Eligible Shareholder accounts for which it is subscribing for New Shares, as the case may be, that:

(i) *it is a "qualified institutional buyer" as defined in Rule 144A under the U.S. Securities Act and that it has executed and returned an Eligible Shareholder letter to the Company prior to exercising their Subscription Rights; and*

(ii) *the Subscription Rights and New Shares have not been offered to it by the Company by means of any form of "general solicitation" or "general advertising" (within the meaning of Regulation D under the U.S. Securities Act).*

Each person to which Subscription Rights and/or New Shares are distributed, offered or sold outside the United States will be deemed, by its subscription or purchase of New Shares, 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, as the case may be, that:

(i) *it is acquiring the New Shares 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 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.*

17.3 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 which are the subject of the Rights 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 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 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 to be offered so as to enable investors to decide to purchase or subscribe for any shares, 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.

17.4 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 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 may be distributed in connection with any such public offering.

18. DEFINITIONS OF GLOSSARY AND TERMS

In this Prospectus, the terms listed below have the following meanings:

AGM	The Company's annual general meeting held on 25 April 2017
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 Issue	The Company's outstanding bond issue FRN Electromagnetic Geoservices ASA Senior Unsecured Callable Bond Issue 2013/2016 with ISIN NO 001 068253.7
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, or when the context so requires, including its subsidiaries.
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.
CSEM modelling software	CSEM modeling software comprises two main components. Forward modeling is used to calculate the response that would be measured by a CSEM survey from a particular subsurface resistivity structure. Inverse modeling (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 19 June 2017, as registered in the Norwegian Central Security Depository ("**VPS**") on 21 June 2017, 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
EY	Ernst & Young AS
Existing Shareholders	Shareholders in the Company as of 19 June 2017 and being registered as such in the VPS on 21 June 2017
Fedem	Fedem Technology AS
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 Financing 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 and/or subscription in the Rights 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 and/or subscription in the Rights 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
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	Million barrels per day
Multi-client	The gathering of CSEM data for resale to multiple customers at a later stage
New Shares	58,634,735 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
Over-subscription	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 allocated to a subscriber falls due on 11 July 2017
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 21 June 2017
Prospectus Directive	Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003, as amended from time to time

Qualified Institutional Buyer (QIB)	As defined in Rule 144A of the Securities Act.
RCF	USD 10 million revolving credit facility
R&D	Research and development
Receiving AgentReceiving Agent	DNB Registrar's Department
Record Date	21 June 2017.
Resident shareholders	Shareholders that are residents of Norway for purposes of Norwegian taxation
Rights Issue	The issue of 58,634,735 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
SOLAS	International Convention for Safety of Life at Sea
Subscriber	An investor subscribing for New Shares in the Rights Issue.
Subscription form	The form included in Appendix A for 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 22 June 2017 at 09:00 CET and (subject to extension) expire on 6 July 2017 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 fully underwritten Rights Issue
Underwriter Syndicate	The Underwriters of the Rights 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, stock 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

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 21 June 2017 (the "**Prospectus**"). Terms defined in the Prospectus shall have the same meaning in this Subscription Form. The notice of, and the minutes from, the annual general meeting of the Company held on 25 April 2017, the Company's Articles of Association, the annual reports for 2014, 2015 and 2016 and interim report for Q1 2017 and 2016 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 22 June 2017 and end on 6 July 2017 at 16:30 CET. Correctly completed 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 Subscription Form. 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 Receiving Agent 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 Receiving Agent 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 Receiving Agent. Subscriptions are irrevocable and binding upon receipt and cannot be withdrawn, cancelled or modified by the subscriber after having been received by the Receiving Agent, 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 1.78796 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 T". The Subscription Rights are registered with the VPS under ISIN NO 001 0793508. Oversubscription and subscription without Subscription Rights 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 4 July 2017 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 July 2017.

Payment: In completing this Subscription Form, or registering a subscription through the VPS online subscription system, the subscriber authorises the Receiving Agent 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 11 July 2017 (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 Receiving Agent, telephone: +47 23 26 80 17. The Receiving Agent 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 13 July 2017. 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 13 July.

SEE PAGE 2 OF THIS 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 0010793508		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).	(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 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 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	**Binding Signature**
Must be dated in the Subscription Period	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 Receiving Agent 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 Receiving Agent will be categorized as non-professional clients. Subscribers can, by written request to the Receiving Agent, 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 Receiving Agent (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 Receiving Agent will treat the Subscription Form as an execution-only instruction. The Receiving Agent 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 Receiving Agent there is a duty of secrecy between the different units of the Receiving Agent as well as between the Receiving Agent and the other entities in the Receiving Agent's respective groups. This may entail that other employees of the Receiving Agent or the Receiving Agent 's respective groups may have information that may be relevant to the subscriber and to the assessment of the New Shares, but which the Receiving Agent will not have access to in their capacity as Receiving Agent for the Rights Issue.

Information barriers: The Receiving Agent is a securities firm that offers a broad range of investment services. In order to ensure that assignments undertaken in the Receiving Agent's corporate finance departments are kept confidential, the Receiving Agent's other activities, including analysis and stock broking, are separated from the respective Receiving Agent's corporate finance departments by information walls. Consequently the subscriber acknowledges that the Receiving Agent'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 Receiving Agent must verify their identity to the Receiving Agent 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 Subscription Form are exempted, unless verification of identity is requested by the Receiving Agent. 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 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 Receiving Agent 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 Receiving Agent as a result of, or in connection with, such sales. The Company and/or the Receiving Agent may enforce payment for any amounts outstanding in accordance with applicable law. The Company and the Receiving Agent reserve the right to have the Receiving Agent 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 Receiving Agent.

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