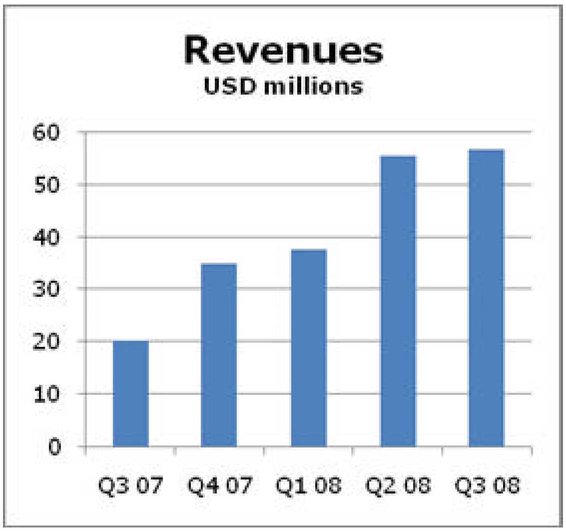
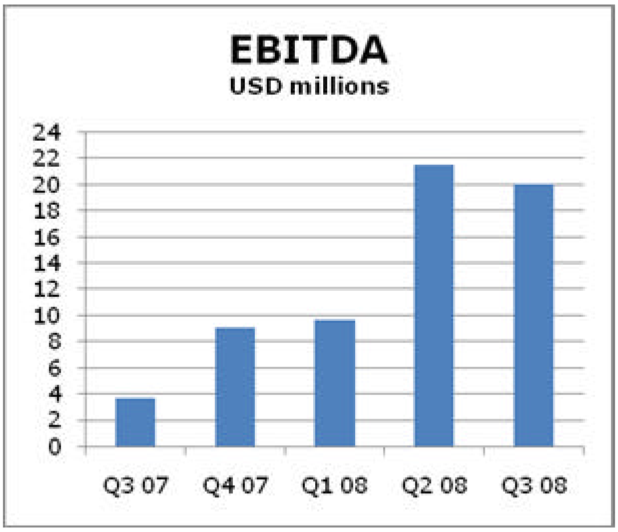
SEABIRD EXPLORATION GROUP
THIRD QUARTER 2008

HIGHLIGHTS THIRD QUARTER 2008

- New all time high quarterly revenues of USD 56.9 million, an increase of 180% compared to Q3 2007.
- EBITDA of USD 20.1 million, compared to USD 3.7 million for Q3 2007.
- Strong results of operations combined with unrealized foreign exchange gains generated Net Income for the quarter of USD 17.5 million for the quarter, far better than any previous quarter.
- Hugin Explorer commenced operation in July and is currently working on her first full scale ocean bottom node survey for Total in Angola.
- Nine vessels in operation for the quarter, with an average vessel utilization of around 84%.
- We are optimistic about a continued strong long term market. However we are uncertain of the consequences of the turbulence in the financial markets and the weakening of the oil price in the short term, but demand has not been affected so far.
- SeaBird's main protection for a potential short term downturn is strong cash flow from operations and the fact that our current investment program is completed. However, we are also evaluating alternatives to improve financial flexibility.

KEY FIGURES	Quarter ended 30 Sep		Nine months ended 30 Sep		Year ended 31 Dec
All figures in USD 1,000	**2008**	**2007**	**2008**	**2007**	**2007**
Revenues	56,871	20,316	150,155	60,750	95,771
EBITDA	20,123	3,722	51,295	14,237	23,326
EBIT	9,528	(1,329)	26,674	2,496	4,539
Net income (loss)	17,497	(7,759)	20,875	(5,895)	(8,929)
Earnings per share (diluted)	0.19	(0.10)	0.23	(0.07)	(0.11)
Cash flow from operations	6,831	(20,357)	44,885	981	3,204
CAPEX	7,694	35,526	58,519	105,438	132,929
Total assets	457,287	407,275	457,287	407,275	424,804
Net interest bearing debt including finance leases	196,896	174,460	196,896	174,460	213,031
Equity ratio	49%	50%	49%	50%	42%





KEY FINANCIAL PERFORMANCE FIGURES

The SeaBird Group reported consolidated revenues of USD 56.9 million for the third quarter of 2008, an increase of 180% compared to Q3 2007. The Hugin Explorer commenced operations in July. Hence, nine vessels were in operation throughout the quarter with an average vessel utilization of around 84%, up from 62% in Q3 2007 and down from 87% in the previous quarter Q2 2008. Earnings before interest, taxes, depreciation and amortization ("EBITDA") were USD 20.1 million for the quarter, compared to USD 3.7 million for Q3 2007. Vessel utilization was negatively affected by the Kondor Explorer being idle for part of the quarter and the Hugin Explorer using around 30% of the time on unpaid final commissioning preparing for the first node survey. However, revenues reached a quarterly all-time high and EBITDA were close to the all-time high of USD 21.5 million in the second quarter 2008.

Charter hire and operating expenses increased from USD 12.1 million in Q3 2007 to USD 30.3 million for Q3 2008. The main reason for this substantial increase is that we had only 6 vessels operational for the full Q3 2007, a further two vessels were brought into operations later in Q3 2007 while in Q3 2008 the Hugin Explorer commenced operations with a substantial increase of operating expenses. In addition, we have experienced general cost inflation in the industry for main cost elements as payroll and fuel and we have operated on contracts with higher project variable cost. SeaBird had selling, general and administrative expenses of USD 6.4 million, compared to USD 4.3 million in Q3 2007, due to the expansion of operations. The increases in operating expenses are more than offset by higher revenues created by the expansion of the fleet.

Earnings before interest and taxes ("EBIT") were USD 9.5 million for Q3 2008 compared to a loss of USD 1.3 million for Q3 2007. Depreciation increased to USD 10.6 million, up from USD 5.1 million for Q3 2007 and up from USD 7.0 million for Q2 2008. The increase from Q3 2007 is mainly caused by fleet expansion with two vessels commencing operations towards the end of Q3 2007. Furthermore, the increase in depreciation from Q2 2008 is mainly caused by commencing depreciations on the investments in patent technology, nodes, seismic equipment, node handling equipment, conversion cost of the Hugin Explorer and other investments related to our ocean bottom node business which commenced operations in July 2008. The Hugin Explorer is chartered in on a five year bareboat charter ending in January 2013 with 3 one year options to extend the lease.

Interest expenses increased from USD 3.6 million in Q3 2007 to USD 4.8 million in Q3 2008. Capitalized interest and borrowing cost on capital work in progress was zero in Q3 2008 compared to USD 1.0 million in Q3 2007. Adjusted for this, the interest expenses are in line with the comparable quarter of 2007, despite an increase of net interest bearing debt from USD 174.5 million by the end of Q3 2007 to USD 196.9 million by the end of Q3 2008. Other financial items for the quarter were positive with USD 13.3 million compared to a loss of USD 2.9 million in Q3 2007. The unrealized foreign exchange gain on translation of our bonds loans of NOK 600 million, contributed with a gain of USD 15.1 million for the quarter in line with the strengthening of the USD against NOK, which was partly offset by a loss on financial instruments (see further details under the note "Financial Instruments") of around USD 1.7 million.

Net income for Q3 2008 was USD 17.5 million, compared to a net loss of USD 7.8 million for Q3 2007.

Revenues for the nine months ended 30 September 2008 were USD 150.2 million which is 57% higher than the full year revenues for 2007 of USD 95.8 million. EBITDA for the first nine months of 2008 were USD 51.3 million, 120% higher than the full year EBITDA for 2007 of USD 23.3 million. EBIT for the first nine months were USD 26.7 million, compared to USD 2.5 million for the first nine months of 2007. Interest expenses increased from USD 5.9 million in the first nine months of 2007 to USD 12.4 million in the comparable period in 2008, while other financial items, net, improved from a loss of USD 3.0 million for the first nine months of 2007 to a gain of USD 6.6 million for the first nine months of 2008. Unrealized foreign exchange gains on the bond loans of NOK 600 million constituted USD 8.2 million for the first nine months of 2008, mainly offset by unrealized losses of financial instruments of USD 2.4 million (see further details under the note "Financial Instruments").

Net income for the nine months ended 30 September 2008 was USD 20.9 million, compared to a net loss of USD 5.9 million for the first nine months of 2007.

A strengthening of the USD has in general a positive impact on our operating expenses, interest expenses and gross debt as we have significant costs in other currencies and we have bond loans of a total of NOK 600 million.

OPERATIONAL HIGHLIGHTS Q3 2008

SeaBird had nine vessels in operation in the third quarter with an average vessel utilization of around 84% for the full quarter which is up from 62% in Q3 2007 and down from 87 % in Q2 2008. For this purpose vessel utilization is defined as the percentage of the full quarter where the vessel is in paid work either in the form of acquisition, mobilization, demobilization, steaming, standby or other.

Four of the vessels (Aquila Explorer, Harrier Explorer, Northern Explorer and Hawk Explorer) were on time charter contracts for the whole quarter and had an average vessel utilization and chargeable time of 94%. Kondor Explorer ended a long contract with CGGVeritas at the end of August and consequently the vessel utilization was around 59% for Q3 2008. We have enquiries for the Kondor Explorer, and are optimistic that the vessel should be back in operations in Q1 2009 subcontracted as a source vessel supporting larger contracts.

Osprey Explorer continued to acquire data off the east coast of India for the whole quarter with utilisation of 91% even though this is monsoon season in the region. Acquisition rates have been above expectations during the monsoon. The monsoon season is now over and the Northern Explorer was back at the end of October to finalize some work on the West-Coast of India before it joins Osprey Explorer on the East-Coast projects. Expected completion of the current projects in India is mid-2009.

Munin Explorer was working on various contracts in Africa and had a vessel utilization of 88%. Even though Geo Mariner started the quarter with a low paid time-consuming transit due to adverse weather conditions from Africa to a survey in the Middle-East thevessel utilization was above 95%.

The Hugin Explorer completed successful maritime and seismic sea-trials at the end of the second quarter and completed a short undershoot survey in the North Sea in July. She is now in Angola on her first full scale ocean bottom node survey for Total and is currently close to finishing shooting and will then start recovering the nodes from the first of two survey areas. The first month of this survey was slower than target as we have a lot of new technology onboard and have continued to fine-tune some of the equipment. The performance of the vessel has improved significantly over the last two-three weeks and the test data from the first nodes look to meet our quality expectations. Vessel utilization for the quarter of around 50% is not representative of a full operating quarter as 30% of the time was used for unpaid final commissioning prior to her mobilization to Angola. For the remaining part of Q3 her utilization has been around 82%. Reported revenues for the vessel for the third quarter are therefore not representative for the potential of this vessel.

Liquidity and Financing

At 30 September 2008, cash and cash equivalents amounted to USD 10.1 million, compared to USD 11.6 million at the end of 2007 and USD 8.9 million at the end of Q2 2008. Net cash flow from operating activities for the quarter was USD 6.8 million, compared to net cash flow used in operating activities of USD 20.4 million for Q3 2007. Net cash flow from operating activities for the first nine months of 2008 was USD 44.9 million, compared to USD 1.0 million for the first nine months of 2007. Capital expenditures for the quarter were USD 7.7 million and USD 58.5 million for the first nine months of 2008. Borrowings increased with a net of USD 3.6 million for the quarter, mainly caused by increased draw down of short term credit facilities with USD 10 million during the quarter, offset by regular instalments on various other loans. Net interest bearing debt was USD 197 million at the end of Q3 2008 compared to USD 213 million at the end of 2007 and USD 210 million at the end of Q2 2008. The reduction of USD 13 million from Q2 2008 is mainly related to the reduction in the USD equivalent of NOK 600 million of bond loans caused by the strengthening of the USD against NOK.

SeaBird has from the beginning of 2006 invested almost USD 350 million in a significant expansion of the fleet. The investment program initiated in 2005 is now finalized and paid and we have no further significant investments commited, except normal maintenance type expenditures and certain equipment upgrade under evaluation. Cash flow from operations has improved significantly over the last nine months and in a normal market we would be comfortable with a net debt level slightly below USD 200 million. However, at the end of Q3 2008, the short term credit facilities and current portion of long term debt amounting to USD 70.3 million are due within twelve months. The major part of this is a bond loan of NOK 200 million due in July 2009, draw down under a renewable short term credit facility of USD 10 million together with ordinary debt repayments on various credit facilities and term loans.

At 30 September 2008, SeaBird had a cash balance of USD 10.1 million and undrawn short term credit facilities of USD 5 million. Based on the current business plan and the projected cash flow from operations we expect to be able to repay the debt as they fall due until the end of Q2 2009. When it comes to the bond loan of NOK 200 million with maturity in July 2009, we are working with various alternatives to refinance this. With the current uncertainties in the market the total debt level is on the high side. Therefore, we are working with various initiatives and alternatives to improve liquidity and reduce the amount of short term debt.

OUTLOOK

It is difficult to assess how the current financial crisis will affect the seismic market in general and our niches of this market. We have not yet seen significant changes on the demand side within our market niches, but we are preparing for higher uncertainty in the short to medium term as in particular smaller E&P companies in less mature exploration areas might have funding challenges. In the strong market we have experienced over the last 3-4 years we have seen limited new capacity within our high end 2D and shallow water 3D niche, except what SeaBird has brought into the market. A substantial part of the capacity available within the 2D market in general is old and might be taken out of the market if and when demand is slowing down. With a lot of areas still unexplored across the globe, we are still optimistic to this segment in the longer term, but we don't project any further growth. Currently, we have a fairly comfortable backlog for all of the vessels in this niche until mid-2009, with some open slots to fill for Munin Explorer and Geo Mariner.

The Kondor Explorer is currently hurt by a reduction of the wide azimuth activity in the US Gulf of Mexico being the only pure source vessel without 2D capabilities in our fleet. We are monitoring the wide azimuth market closely and will evaluate the future of the vessel if the source vessel market doesn't recover in the near future.

We are very optimistic to the long term outlook within our ocean bottom node niche, as we believe advanced 4D/4C and production seismic in general will continue to grow. However, this is a new technology and the risks and uncertainties involved are high. We are dedicated to secure further backlog for the vessel post the Angola survey for Total project expected to be completed in January 2009.

With the completion of Hugin Explorer, SeaBird has taken delivery of 6 converted seismic vessels in less than two years. This completes the aggressive vessel conversion program and focus is now on improving operational performance and secure continued backlog for all vessels. Capital expenditures for the rest of the year will only be smaller maintenance type investments on the existing fleet and some commitments for equipment purchases. With nine vessels in the fleet we believe we now are in a position to benefit from the significant investments done over the last three years.

We currently expect revenues for 2008 to be in the range of USD 210-215 million.

The Board of Directors and Chief Executive Officer
SeaBird Exploration Ltd

6 November 2008

CONSOLIDATED BALANCE SHEET

All figures in USD 1,000	As of 30 2008	As of 31 Dec 2007
ASSETS		
Non current assets		
Property, plant and equipment	360,852	294,019
Multiclient Data Library	1,530	1,530
Capital work in progress	16,854	49,789
Goodwill	8,996	8,996
Patent technology	4,353	4,412
Deferred tax asset	7,939	8,390
	400,524	**367,136**
Current assets		
Inventories	2,110	3,171
Trade receivables	28,774	24,472
Other current assets	15,458	18,058
Due from related parties	349	351
Cash and cash equivalents	10,072	11,616
	56,763	**57,668**
Total assets	**457,287**	**424,804**
EQUITY		
Capital and reserves attributable to equity		
Paid in capital	120,033	97,691
Revaluation reserve	45,193	49,751
Currency translation reserve	(591)	1,549
Share options granted	6,072	4,949
Retained earnings	51,579	25,682
	222,286	**179,622**
LIABILITIES		
Non current liabilities		
Non current interest-bearing debt	111,499	146,520
Non-current portion of capital lease obligations	22,720	24,988
Other long term liabilities	423	158
	134,642	**171,666**
Current liabilities		
Trade and other payables	27,610	21,703
Current portion of interest bearing debt	70,316	49,563
Current portion of capital lease obligations	2,433	2,250
	100,359	**73,516**
Total liabilities	**235,001**	**245,182**
Total equity and liabilities	**457,287**	**424,804**

CONSOLIDATED INCOME STATEMENT

All figures in USD 1,000	Quarter ended 30 Sep 2008	Quarter ended 30 Sep 2007	Nine months ended 30 Sep 2008	Nine months ended 30 Sep 2007	Year ended 31 Dec 2007
Revenue	56,871	20,316	150,155	60,750	95,771
Charter hire and operating expenses	(30,274)	(12,099)	(81,405)	(33,744)	(53,938)
Selling, general and admin expenses	(6,355)	(4,253)	(18,104)	(12,071)	(18,923)
Other income (expenses), net	(119)	(242)	649	(698)	416
Earnings before interest, tax, depreciation and amortization (EBITDA)	**20,123**	**3,722**	**51,295**	**14,237**	**23,326**
Depreciation	(10,595)	(5,051)	(24,621)	(11,741)	(18,787)
Earnings before interest and taxes (EBIT)	**9,528**	**(1,329)**	**26,674**	**2,496**	**4,539**
Interest expense	(4,766)	(3,641)	(12,421)	(5,939)	(10,629)
Other financial items, net	13,260	(2,942)	6,564	(2,999)	(3,783)
Income (loss) before income tax	**18,022**	**(7,912)**	**20,817**	**(6,442)**	**(9,873)**
Tax income	(525)	153	58	547	944
Net Income (loss)	**17,497**	**(7,759)**	**20,875**	**(5,895)**	**(8,929)**
Earnings per share for profit attributable to the equity					
- basic	0.20	(0.10)	0.24	(0.07)	(0.11)
- diluted	0.19	(0.10)	0.23	(0.07)	(0.11)

CONSOLIDATED CASH FLOW STATEMENT

All figures in USD 1,000	Quarter ended 30 Sep 2008	Quarter ended 30 Sep 2007	Nine months ended 30 Sep 2008	Nine months ended 30 Sep 2007	Year ended 31 Dec 2007
Cash flows from operating activities					
Income before income tax	18,022	(8,888)	20,817	(8,042)	(9,873)
Adjustments for:					
Depreciation	10,595	5,051	24,621	11,742	18,786
Unrealized exchange (gain) /loss*)	(12.828)	2,305	(5,959)	5,001	14,062
Impairment of/loss on investment in shares	-	-	-	613	614
Provision for employees' end of service gratuities	(1,014)	(9)	264	65	108
Earned on employee Stock Option Plan	723	306	1,123	1,093	1,457
(Increase)/decrease in inventories	239	(1,058)	1,061	(1,219)	(2,775)
(Increase)/decrease in trade and other receivables	(2,580)	(12,851)	(1,703)	(13,925)	(21,083)
(Increase)/ decrease in due from related parties	0	83	2	(148)	(301)
Increase/(decrease) in trade and other payables	(6,326)	(5,296)	4,659	5,801	2,209
Net cash from operating activities	**6,831**	**(20,357)**	**44,885**	**981**	**3,204**
Cash flows from investing activities					
Capital expenditures	(7,694)	(35,526)	(58,519)	(105,438)	(132,929)
Acquisition of intangible assets and deferred taxes	-	-	-	(1,267)	(1,267)
Decrease in investments in shares	-	2,600	-	2,600	2,600
Net cash used in investing activities	**(7,694)**	**(32,926)**	**(58,519)**	**(104,105)**	**(131,596)**
Cash flows from financing activities					
Proceeds from issuance of ordinary shares	-		22,342	(250)	(447)
Movements in borrowings*)	3,648	39,001	(8,112)	108,289	124,860
Net movement in currency fluctuations	(1,611)	1,524	(2,140)	2,120	(791)
Net cash from financing activities	**2,037**	**40,525**	**12,090**	**110,159**	**123,622**
Net (decrease)/increase in cash and cash equivalents	**1,174**	**(12,758)**	**(1,544)**	**7,035**	**(4,771)**
Cash and cash equivalents at beginning of the period	**8,898**	**36,027**	**11,616**	**16,387**	**16,387**
Cash and cash equivalents at end of the period	**10,072**	**23,269**	**10,072**	**23,422**	**11,616**

*) Presentation of unrealized exchange gains/losses have been reclassified compared to previous presentations. Presentation of comparable periods have been amended to show comparable figures.

CHANGES IN EQUITY

All figures in USD 1,000	Nine months ended 30 Sep 2008	Year ended 31 Dec 2007
Opening Balance	**179,622**	**188,751**
Net profit for the year	20,875	(8,929)
Increase in share capital	22,342	(670)
Change to revaluation reserve	(271)	-
Share options granted /(cancelled)	1,859	215
Net movements in currency translation reserve and other changes	(2,140)	255
Ending Balance	**222,287**	**179,622**

SELECTED NOTES AND DISCLOSURES

A general description of the Group, and the principal accounting policies applied in the preparation of these consolidated and condensed interim financial statements, are presented in the Consolidated Financial Statements for 2007. These Interim Financial Statements should be read in conjunction with the Consolidated Financial Statements for the year ended 31 December 2007 as they provide an update of previously reported information.

SeaBird Exploration Limited ("the Company" or "SBX") is a limited liability company incorporated in British Virgin Islands ("BVI"). The address of its registered office is Road Town, Tortola, British Virgin Islands. The Group has its operating office in Dubai, United Arab Emirates, representative offices in Oslo and Trondheim, Norway, Houston, USA, Singapore and St Petersburg, Russia. SeaBird Exploration Limited is listed on the Oslo Stock Exchange.

Basis for preparation of financial statements

The interim financial report is prepared in accordance with the International Accounting Standard 34 (IAS 34) "Interim Financial Reporting". The accounting policies used and the presentation of the Interim Financial Statements are consistent with those used in the Consolidated Financial Statements for 2007 unless otherwise stated.

The presentation of the Interim Financial Statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and disclosure of contingent liabilities at the date of the Interim Financial Statements. If, in the future, such estimates and assumptions, which are based on management's best judgement at the date of the Interim Financial Statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the period in which the circumstances change.

Segment information

All our seismic services and operations are conducted and monitored within the Group as one business segment. Revenues and operating profit in geographical segments are presented below:

Revenues (USD 1,000)

Geographical Area	**Q3 08**	**YTD 08**	**Q3 07**	**YTD 07**	**2007**
Europe, Africa & Middle East (EAME)	33,303	60,437	5,181	28,219	41,005
North & South America (NSA)	3,594	26,837	9,305	25,911	34,364
Far East (FE)	19,974	62,881	5,830	6,620	20,402
Total	**56,871**	**150,155**	**20,316**	**60,750**	**95,771**

Operating Profit/EBIT (USD 1,000)

Geographical Area	Q3 08	YTD 08	Q3 07	YTD 07	2007
Europe, Africa & Middle East (EAME)	2,130	6,339	(9,830)	(13,641)	(16,467)
North & South America (NSA)	802	9,001	4,405	11,450	14,373
Far East (FE)	6,597	11,334	4,096	4,686	6,633
Total	**9,529**	**26,674**	**(1,329)**	**2,495**	**4,539**

Property, plant and equipment

The Group applies the revaluation model (IAS 16.31) on property, plant and equipment relating to vessels and seismic and seismic related equipment. These assets are carried at revalued amount being their fair values at the dates of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Fair value of seismic vessels and seismic equipment is their market values determined by external independent appraisals.

The assets were valued by external independent appraisals at 31 December 2007, but no revaluation was recognized at 31 December 2007 (see Consolidated Financial Statements for 2007 for further information). Revaluation of the Group's seismic vessels and seismic equipment was last recognized on 31 December 2006. The revaluation surplus net of applicable deferred Income taxes was credited to revaluation reserve in shareholders' equity.

Under the revaluation model (IAS 16.34), we will evaluate the fair market value of seismic vessels and seismic equipment before the end of December 2008. The financial market is currently turbulent, and the market capitalization of the net assets of SeaBird has been below the carrying amount of the net assets over the last few months. Potential decreases in the assets carrying amounts as a result of revaluation will be recognized in profit or loss. However, the decrease will be recognized directly to equity under the heading of revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

- Seismic vessels 10 to 15 years
- Seismic equipment 8 to 15 years
- Office equipment 4 years

Capital work in progress

Capital work in progress is presented at historical cost and mainly comprises vessels under conversion, node systems and some equipment purchases to cancelled projects. This equipment is in progress of being transferred to fleet inventory or being put on the resale market. We are currently evaluating potential impairment needs for the equipment in progress to be put on the resale market given the current change in market conditions for such equipment.

Financial Instruments

As of 31 December 2007, the Group held a financial instrument, designated to swap interest payment for a NOK 400 million bond loan with maturity in February 2012 from a 3 months NIBOR based interest to a 3 months LIBOR USD based interest. This financial instrument is not considered a hedge under IFRS and was recognized to fair value of USD 4.0 million as of 31 December 2007. The financial instrument was realized for USD 4.2 million in January 2008, contributing with a gain of USD 0.2 million in the nine months ended 30 June 2008, presented under other financial items, net. This transaction had no effect on Q3 2008.

In the third quarter of 2008, the Group has entered into various financial instruments to secure the NOK/USD equivalent of NOK 200 million with maturity in July 2009, at an average effective rate of 5.72. These instruments are intended to match the maturity of our NOK 200 million bond loan due in July 2009 and translate these loans to around USD 35 million. These financial instruments are not considered hedges under IFRS and were recognized to fair value with an unrealized loss of USD 1.7 million as of 30 September 2008.

In 2008, the Group has entered into financial instruments to secure the United Arab Dirhams against the US dollar, with the intention to secure the USD-based cost of our operations in Dubai. These financial instruments are not considered hedges under IFRS and were recognized to fair value with an unrealized loss of USD 0.6 million as of 30 September 2008.

Related parties

Current account with Bartica, a company wholly owned by the CEO of SeaBird Exploration Ltd (Mr. Tim Isden), is presented as receivable from related parties.

Share capital and share options

A total of 81,295,000 shares were issued as of 31 December 2007. In February 2008 a placement of 8,100,000 new shares was executed at a price of NOK 15.00 per share. Total gross proceeds from the share issue were NOK 121,500,000 (net increase of about USD 22.4 million). Subsequent to the registration of this share increase, the total number of shares outstanding is 89,395,000. According to the Articles of Association, the Company's authorized capital is 150,000,000 shares of no par value.

SeaBird uses stock options as an incentive for key employees. This is administered by the Board of Directors under two different Employee Stock Option Incentive Plans. As per 30 September 2008, there were outstanding options for 1,270,000 shares under the first plan, all with exercise prices at NOK 20 per share and higher.

The annual general meeting of SeaBird Exploration Limited ('SeaBird") on 15 May 2007 authorized the Board of Directors to establish share option programs for SeaBird's management and key personnel representing up to 5,000,000 options in a new incentive scheme.

Under the new incentive scheme, a total of 3,415,000 share options were granted to a total of 61 employees in May 2008. The options have an exercise price of NOK 13.00, which represents the average closing price for the SeaBird share on the Oslo Stock Exchange at the date of the grant 28 May 2008. Another 150,000 options have been granted subsequently, with and exercise price of NOK 10.40.

1/3 of the options granted under the May 2008 plan may be exercised one year after the grant date, 1/3 of the options granted may be exercised two years after the grant date and the remaining 1/3 of the granted options may be exercised three years after the grant. All options must be exercised within four years of grant date. Calculated value of the options is expensed over the option period.

In addition, warrants or share options were used as part of the payment for SeaBed Geophysical AS of which 832,381 options to key employees (excercise price at NOK 25.30) are outstanding as of 30 September 2008. Warrants of 811,147 to selling shareholders lapsed in June 2008. Calculated value of the options is presented as equity and capitalized as part of the purchase price of the assets of SeaBed.

Estimated value of the share options granted, reduced for services not rendered as per 30 September 2008, is presented in equity as Share options granted. Outstanding options at 30 September 2008 is representing in total 5,667,381 shares.

Non-current debt
Amortized interest and borrowing costs (including arrangement fees) both relating to funds raised specially for financing of vessels and for the bond loan raised for general purposes have been capitalized. Capitalized interest and borrowing cost on the vessels in Q3 2008 and first nine months of 2008 was approximately zero and USD 2.5 million, respectively, compared to USD 1.0 million for Q3 2007 and USD 4.6 million for the first nine months of 2007.

Taxes
SeaBird is a British Virgin Island based Group operating in international waters. The operating office is based in Dubai, United Arab Emirates. The international operations are considered generally not liable to income tax expenses in these countries for the current operations. However, SeaBird is subject to various local taxes in countries where SeaBird operates. Historically, taxes have generally been withheld taxes which are presented as a reduction of revenues. For the future, we expect to a larger degree to be subject to income taxes in countries of operation which will increase our income tax cost. We are also evaluating historic tax exposures related to certain projects already completed which might increase the reported tax expense.

SeaBird has subsidiaries in Norway which are subject to Norwegian taxes. Deferred tax assets constitutes in all material respects the tax losses for SeaBed Geophysical AS, acquired in June 2006 and deferred tax assets for this company is presented at nominal value as required by IAS 12 representing 28% of historic tax losses.

Financial Statements

The presentation of and classification of items in the Financial statements are consistent with the Consolidated Financial Statements of 2007, unless otherwise is stated.