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Magseis AS: First Quarter 2014

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1. Highlights
2. Operational and Market update
3. Financials
4. Summary and Q&A

This is Magseis

- *Industry-leading seabed seismic company*
- *One vessel in operations*
- *Solid 2014 backlog secured with Statoil*
- *~NOK 500m in equity raised*
- *Target listing in June 2014*

| | |
|----------------------------|-----------|
| Ticker: | MSEIS |
| Shares outstanding: | 1,307,573 |
| Market cap (NOKm) | 665 |
| Book Equity – Q1 14 (NOKm) | 272.4 |
| Net Debt – Q1 14 (NOKm) | [0.0] |



Highlights

First quarter 2014

- Announced five year frame-agreement with Statoil ASA for OBS work
- Continued production on Albatross and Snøhvit fields for Statoil ASA
- Completion of Varg field survey for Talisman Energy
- EBITDA of NOK 12.4 million
- Net profit of NOK 2.0 million

Subsequent events

- Successfully completed a new equity issue of NOK 120 million to finance further expansion
- Signed agreement with Shell Technology Ventures for a USD 4 million convertible loan which will be converted into equity upon listing of Magseis AS on Oslo Axess
- Submitted application for listing on Oslo Axess
- Completed Albatross survey and started production on Oseberg survey for Statoil ASA

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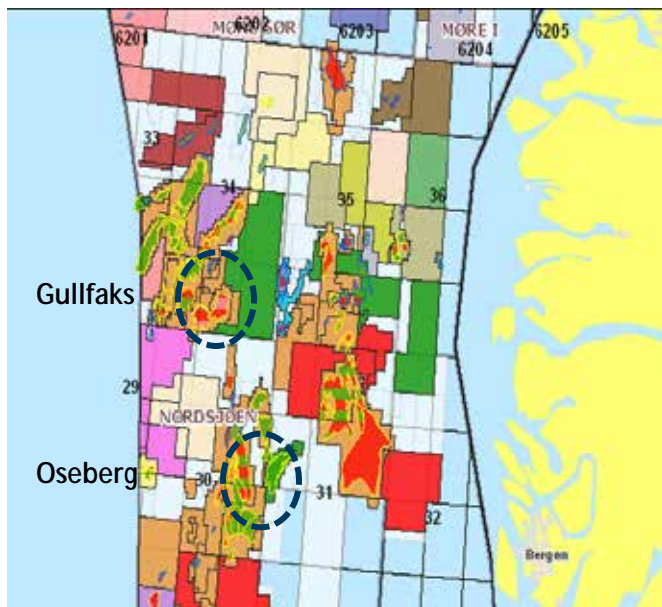
Albatross and Varg surveys successfully completed

- Data quality looks very good
- Unparalleled deployment accuracy
- Established ability to work near complicated infrastructure
 - Already seeing good response on Varg as a reference project
- Work performed in extreme conditions, thus expanding the traditional OBS weather window



Oseberg survey now in progress

- Mobilized for Oseberg project on 16 May
- Work may be split between Oseberg and Gullfaks during the summer to fit with field activities
- Expect that the completion of both projects will run through September



Operational performance continues to improve

- Operational performance continues to improve:
 - Although impacted by poor weather during April, deployment speeds up to 85% of target were recorded towards end of Albatross survey
 - System reliability rapidly improving towards best-in-class levels
- Work ongoing to fully automate operations and drive us towards long-term efficiency targets



Staying at the forefront of technology developments

- Second-generation (G2) technology now in production
- Faster downloading speeds
- Battery life extended to more than 50 days
- Increased use of mass production techniques leading to reduced costs



Sales and marketing strategy

- Several tenders ongoing/ incoming for 2014-2015
- Ongoing marketing-drive in all key regions
- Developing global agency network
- Working on MC pilot survey



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Q1 Report 2014

- Income statement

- Revenue: NOK 84.4m (74.1m in Q4)
 - Statoil and Talisman
- COGS: NOK 55.8m (59.8m in Q4)
 - NOK 3.6m one-off reduction due to significant amount of standby during the quarter
 - Adjusted for this, vessel OPEX came in at USD 113K/day
- SG&A: NOK 14.8m (15.0 in Q4)
- EBITDA: NOK 12.4m (-4.4m in Q4)
- Net profit: NOK 2.0m (-17.1 in Q4)

in thousands of NOK

| | Q1 2014 | Q1 2013 | 2013 |
|---|----------------|----------------|----------------|
| | (unaudited) | (unaudited) | (audited) |
| | Note | | |
| REVENUE AND OTHER INCOME | | | |
| Revenue | 84 413 | 0 | 74 128 |
| Total revenue and other income | 84 413 | 0 | 74 128 |
| OPERATING EXPENSES | | | |
| Cost of sales | 55 800 | 0 | 59 868 |
| Research and development expenses | 1 339 | 437 | 8 243 |
| Selling, general and administrative costs | 14 844 | 2 888 | 46 435 |
| Depreciation and amortisation | 11 200 | 247 | 11 968 |
| Total operating expenses | 83 183 | 3 572 | 126 514 |
| OPERATING PROFIT (LOSS) | 1 230 | -3 572 | -52 386 |
| FINANCIAL INCOME AND EXPENSES | | | |
| Finance income | 1 964 | 1 874 | 3 803 |
| Finance costs | -1 226 | -291 | -3 227 |
| Net finance costs | 738 | 1 583 | 576 |
| NET PROFIT (LOSS) BEFORE TAX | 1 968 | -1 989 | -51 810 |
| Income tax expense | 0 | 0 | 0 |
| NET PROFIT (LOSS) | 1 968 | -1 989 | -51 810 |
| Basic earnings (loss) per share (<i>in NOK</i>) | 1,87 | -1,89 | -49,19 |
| Diluted earnings (loss) per share (<i>in NOK</i>) | 1,74 | -1,89 | -49,19 |

Q1 Report 2014

- Balance Sheet and Cash Flow

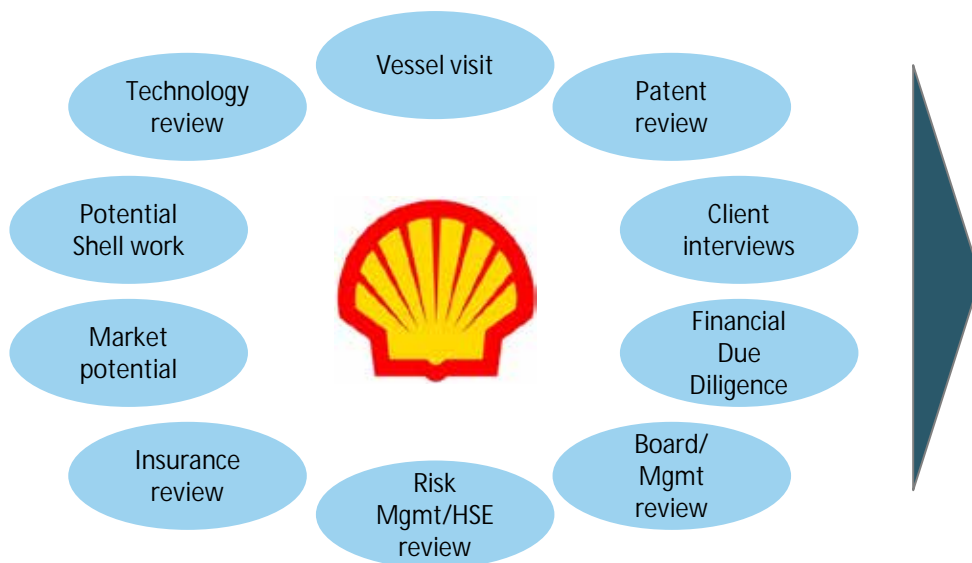
- Cash balances: NOK 45m
- Other current assets:
 - Trade receivables: NOK 50.6m (Talisman and Statoil)
- Equipment and intangibles
 - Equipment: NOK 224.7m
 - Intangibles: 14.1m
 - Capitalised 1.4m (G2 electronics)
- Cash flow
 - Cash flow from operations: NOK 5.9m
 - Positive net cash flow: NOK 3.1m

Balance sheet 31 March 2014 (NOK mill.)

| | | |
|---------------------------|------------|--------------------------------|
| Cash and cash equivalents | 45 | |
| Other current assets | 70 | |
| Equipment and intangibles | 239 | |
| | 354 | |
| | | Equity |
| | | 273 |
| | | Current liabilities |
| | | 51 |
| | | Finance lease and amortization |
| | | 30 |
| | | 354 |

Shell investment holds significant potential

Extensive Due Diligence process



- Shell is a leading user of OBS services with big ambitions for the future development of the segment
- Wants to work with Magseis to help us accelerate the development of the company

Listing process update

- Due Diligence completed
- Q1 2014 financials reviewed by KPMG
- ASA conversion underway
- New Board members identified
- Application submitted to OSE
- Target listing date: 6 June 2014



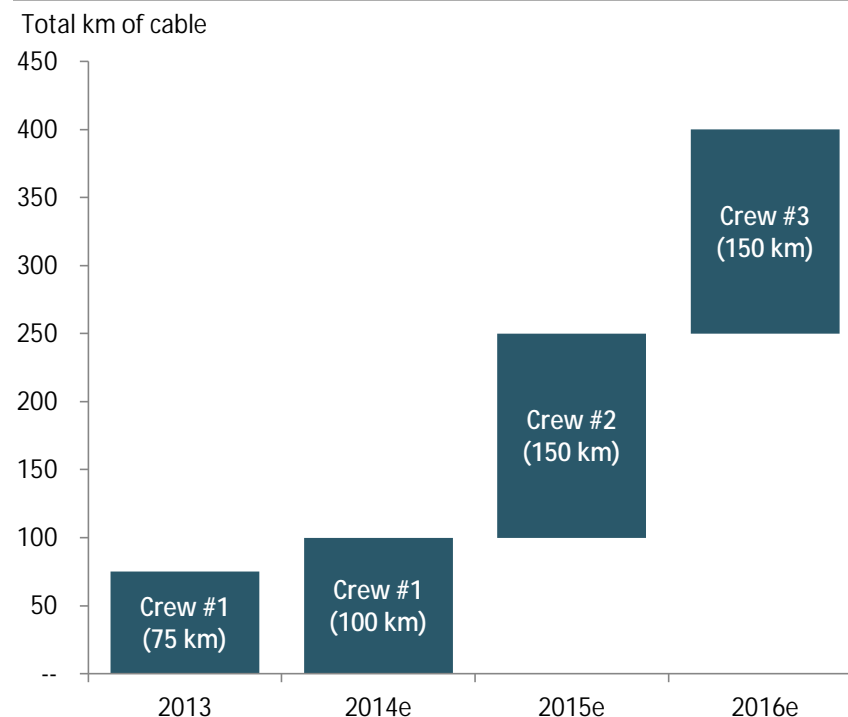
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Next step in strategic growth plan

- Upgrade of Artemis Athene to 4,500 sensor unit capacity underway
 - Majority of orders have been placed
 - Target completion during Q4 2014
- Preparations for Crew # 2 well underway
 - 6,000 sensor units / 150km, target start Q2 2015
 - Estimated capex in line with previous communication at USD 60m
 - Vessel selection nearing final stage
- Funding strategy
 - USD 20 – 24m funding during March/April provides increased flexibility wrt. Crew # 2 financing
 - Target part debt financing of Crew #2

Planned timeline of crew expansion



Summary

Attractive market fundamentals

- Ocean Bottom Seismic delivers best data
- Faster growing and less cyclical than total market
- Few OBS providers, limited supply

Facilitating OBS «industrialization»

- Proprietary technology developed
- Enabling larger spread on lower vessel cost base
- Decreased costs for clients driving demand

Successful start-up achieved

- Quality delivered, on track to achieve full operational efficiency
- Significant backlog for 2014 secured with Statoil
- Client base expanded with Talisman, more to come

Profitable growth opportunities

- Expansion of crew # 1 during 2014
- Operational start-up of Crew #2 during 2015

Questions?



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