PROSPECTUS

Magseis ASA

(Business registration number NO 994 547 852)
(a public limited liability company incorporated under the laws of Norway)

Listing of the Company's Shares on Oslo Axess

Joint Lead Managers

Arctic Securities

Pareto Securities

The date of this Prospectus is 4 June 2014

THIS PROSPECTUS DOES NOT
CONSTITUTE AN OFFER TO SELL OR
THE SOLICITATION OF AN OFFER TO
BUY ANY SECURITIES

IMPORTANT INFORMATION

This Prospectus has been issued by Magseis ASA ("the Company") in connection with the Listing of the Company's Shares on Oslo Axess as described herein.

This Prospectus has been prepared to comply with the Norwegian Securities Trading Act chapter 7 and related secondary legislation, including EC Commission Regulation EC/809/2004. The Prospectus has been prepared solely in the English language. The Prospectus has been reviewed and approved by the Norwegian FSA in accordance with sections 7-7 and 7-8, cf. section 7-3 of the Norwegian Securities Trading Act. The Norwegian FSA has not controlled or approved the accuracy or completeness of the information given in this Prospectus. The approval given by the Norwegian FSA only relates to the Company's descriptions pursuant to a pre-defined check list of requirements. The Norwegian FSA has not made any form of control or approval relating to corporate matters described in or otherwise covered by this Prospectus.

The Company has furnished the information in this Prospectus. The Managers make no representation or warranty, express or implied, as to the accuracy or completeness of such information, and nothing contained in this Prospectus is, or shall be relied upon as, a promise or representation by the Managers.

All inquiries relating to this Prospectus should be directed to the Company or the Managers. No other person has been authorized to give any information about, or make any representation on behalf of, the Company in connection with the Listing and, if given or made, such other information or representation must not be relied upon as having been authorized by the Company or the Managers or by any of the affiliates, advisers or selling agents of any of the foregoing. The delivery of this Prospectus shall not under any circumstances imply that there has been no change in the Company's affairs or that the information set forth herein is correct as of any date subsequent to the date hereof.

The information contained herein is as of the date hereof and subject to change, completion and amendment without notice. In accordance with Section 7-15 of the Norwegian Securities Trading Act, every significant new factor, material mistake, or inaccuracy relating to the information included in the Prospectus, which is capable of affecting the assessment of the Shares and which arises or is noted between the time when the Prospectus is approved and the Listing of the Shares on Oslo Axess will be included in a supplement to the Prospectus. Neither the publication nor distribution of this Prospectus shall under any circumstances create any implication that the information herein is correct as of any date subsequent to the date of the Prospectus.

In the ordinary course of their respective business, the Managers and certain of their affiliates have engaged, and may continue to engage, in investment and commercial banking transactions with the Company.

Investing in the Company must be viewed as a high-risk investment. Potential investors should carefully consider the risk factors set out in section2 "Risk Factors" in addition to the other information contained herein before making an investment decision. *An investment in the Company is suitable only for investors who understand the risk factors associated with this type of investment and who can afford a loss of all or part of their investment.*

The contents of this Prospectus are not to be construed as legal, business or tax advice. Each reader of this Prospectus should consult with 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.

The Shares are not, and are not expected to be, registered under the U.S. Securities Act. Please see section 6 – "Notice and Transfer Restrictions".

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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).

This summary contains all the Elements required to be included in a summary for this type 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 type 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 mention of "not applicable".

Section A – Introduction and warnings		
A.1	**Introduction and warnings**	This summary should be read as an introduction to the Prospectus. Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the relevant European Union member states, have 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	**Consent to the use of the prospectus by financial intermediaries**	Not applicable; no consent is granted by the Company to the use of the prospectus for subsequent resale or final placement of the Shares.

Section B – Issuer and any guarantor		
B.1	**Legal and commercial name**	Magseis ASA (the **"Company"**).
B.2	**Domicile/ Legal form/ Legislation/ Country of incorporation**	Magseis ASA is incorporated in Norway as a limited liability company and was converted into a public limited liability company on 27 May 2014, and is subject to Norwegian law, hereunder inter alia the Norwegian Public Limited Liability Companies Act.
B.3	**Key factors of operations and principal activities**	The Company has developed a technology which allows an Ocean Bottom Cable to be deployed in much greater lengths than what previously has been possible. Through this technology the Company aims to reduce the time required to conduct OBS surveys and consequently the costs. The Company works for leading oil and gas companies such as Statoil and Talisman Energy and with the Westcon Group as a key partner, the Company is rapidly developing the organization in order to build an industry leading ocean bottom seismic (hereinafter "OBS") company.

B.4a	**Significant recent trends affecting the Issuer and the industry in which it operates**	The Company has not experienced any significant changes or trends within or outside ordinary course of business that are material to the company since 31 March 2014 to the date of this Prospectus, except for the changes related to the transactions as set forth below: – The Company completed a new equity issue of approximately NOK 120 million in April 2014 at an offer price of NOK 23.75 per share adjusted for the 1:20 share split in May 2014. The proceeds will be used to fund an increase of the equipment aboard Artemis Athene from the current 3,000 to 4,500 sensor capsules, purchase of long-lead items for a second crew and general corporate purposes. – On 6 May 2014 the Company entered into an agreement with Shell Technology Ventures ("STV") for the issuance of a convertible loan from STV to Magseis ASA of USD 4 million. The convertible loan has a duration of 2 years and an annual interest rate of 6.0% p.a. The convertible loan will automatically be converted into common shares in Magseis ASA upon a listing of the Company's shares on Oslo Axess. The conversion price has been set at NOK 23.75 per share after adjustment for the 1:20 share split.
B.5	**Description of group**	Magseis ASA is the parent company and owns 100% of the shares in Magseis Operations AS, and has established a Swedish branch (Magseis Technology Filial). The Companies are together referred to as "Magseis"
B.6	**Notifiable voting rights** **Different voting rights** **Control**	To the Company's knowledge, the following shareholders are the only shareholders who directly or indirectly have a notifiable shareholding: – Westcon Group AS (5,001,920 shares, 19.1% of the share capital) – Geo Innova AS (3,515,780 shares, 13.4% of the share capital) – Anfar Invest AS (3,285,060 shares, 12.6% of the share capital) - Clipper AS (1,360,000 shares, 5.2% of the share capital) As far as the Company is aware of, there is no other natural or legal person other than those mentioned above, which directly or indirectly has a shareholding in the Company which is noticeable under Norwegian law.
B.7	**Selected historical key financial information**	The financial situation of the Company may be highlighted through the following selected key indicators since the incorporation date: (see table below) The audited consolidated financial statements of Magseis for the financial year 2013, 2012 and 2011 have been prepared in accordance with IFRS and IFRS Interpretations Committee ("IFRIC") interpretations, as approved by the EU. The unaudited condensed consolidated financial information for the interim period ended 31 March 2014, with comparable figures for the interim period ended 31 March 2013, have been prepared in accordance with International Financial Reporting Standard IAS 34 Interim Financial Reporting. For further information, refer to chapter 10 in the Prospectus.

	Q1 2014	Q1 2013	2013	2012	2011
Operating revenues (NOK thousand)	84,413	0	74,128	3,000	932
Earnings before Interest, Taxes, Depreciation and Amortization (NOK thousand)	12,430	-3,325	-40,418	-12,519	-13,907
Net income (NOK thousand)	1,968	-1,989	-51,810	-12,031	-13,695
Book equity (end of period) (NOK thousand)	272,471	313,774	268,783	315,230	7,942
Earnings per share (adjusted for split)	0.09	-0.09	-2.46	-1.68	-3.89
Diluted earnings per share (adjusted for split)	0.09	-0.09	-2.46	-1.68	-3.89
Book equity per share (end of period) (adjusted for split)	12.93	14.89	12.76	14.96	1.70
Equity ratio (%) end of period	77.04	95.77	75.31	95.80	69.50
Annualized return on equity (%)	0.72	-0.63	-19.28	-3.82	-172.45
Number of employees	58	12	55	6	2
Dividend per share	0	0	0	0	0

The tables below sets out a summary of financial information extracted from Magseis' unaudited consolidated information for the three months ended 31 March 2014 and 2013, and the Magseis' audited consolidated information for the years ended 31 December 2013, 2012 and 2011.

Consolidated *income statement information*

	Three months ended 31 March		Year ended 31 December		
in thousands of NOK	**2014**	**2013**	**2013**	**2012**	**2011**
REVENUE AND OTHER INCOME					
Sales revenue	84,413	0	74,128	3,000	932
Other income	0	0	0	0	0
Total revenue and other income	**84,413**	**0**	**74,128**	**3,000**	**932**
OPERATING EXPENSES					
Cost of sales	55,800	0	59,868	1,870	1,502
Research and development expenses	1,339	437	8,243	7,959	12,491
Selling, general and administrative costs	14,844	2,888	46,435	5,690	846
Depreciation and amortisation	11,200	247	11,968	430	9
Total operating expenses	**83,183**	**3,572**	**126,514**	**15,949**	**14,848**
OPERATING PROFIT (LOSS)	**1,230**	**-3,572**	**-52,386**	**-12,949**	**-13,916**
FINANCIAL INCOME AND EXPENSES					
Finance income	1,964	1,874	3,803	1,187	225
Finance costs	1,226	291	3,227	269	4
Net finance costs	**738**	**1,583**	**576**	**918**	**221**
NET PROFIT (LOSS) BEFORE TAX	**1,968**	**-1,989**	**-51,810**	**-12,031**	**-13,695**
Income tax expense	0	0	0	0	0
NET PROFIT (LOSS)	**1,968**	**-1,989**	**-51,810**	**-12,031**	**-13,695**
Basic earnings (loss) per share (*in NOK*)	1.87	-1.89	-49.19	-33.67	-77.79
Diluted earnings (loss) per share (*in NOK*)	1.74	-1.89	-49.19	-33.67	-77.79
OTHER COMPREHENSIVE INCOME					
Other comprehensive income (loss) for the period	0	0	0	0	0
Total comprehensive income (loss) for the period, attributable to Owners of the Company	**1,968**	**-1,989**	**-51,810**	**-12,031**	**-13,695**

Consolidated *balance sheet information*:

in thousands of NOK	Three months ended 31 March 2014	Three months ended 31 March 2013	Year ended 31 December 2013	Year ended 31 December 2012	Year ended 31 December 2011
ASSETS					
Current assets					
Cash and cash equivalents	44,929	205,422	41,780	257,645	6,894
Trade receivables	32,060	0	55,973	0	915
Other current assets	37,858	48,994	18,540	17,787	3,560
Total current assets	**114,847**	**254,416**	**116,293**	**275,432**	**11,369**
Non-current assets					
Equipment	224,757	60,149	227,182	41,456	57
Intangible assets	14,056	13,075	13,412	12,168	0
Total non-current assets	**238,813**	**73,224**	**240,594**	**53,624**	**57**
TOTAL ASSETS	**353,660**	**327,640**	**356,887**	**329,056**	**11,426**
EQUITY AND LIABILITIES					
Shareholders' equity					
Share capital	1,053	1,053	1,053	1,053	234
Share premium	338,504	338,504	338,504	338,504	20,818
Other equity	7,898	1,347	6,177	815	0
Retained earnings	-74,984	-27,130	-76,951	-25,141	-13,110
Total equity attributable to equity holders of the Company	**272,471**	**313,774**	**268,783**	**315,231**	**7,942**
TOTAL EQUITY	**272,471**	**313,774**	**268,783**	**315,231**	**7,942**
LIABILITIES					
Non-current liabilities					
Obligation under finance lease	19,880	0	21,298	0	0
Other non-current financial liabilities	10,397	0	11,357	0	0
Total non-current liabilities	**30,277**	**0**	**32,655**	**0**	**0**
Current liabilities					
Trade payables	16,526	9,364	26,372	10,260	2,459
Current tax payable	0	208	208	208	208
Current portion of obligation under finance lease	4,212	0	4,170	0	0
Other current liabilities	30,174	4,294	24,699	3,357	817
Total current liabilities	**50,912**	**13,866**	**55,449**	**13,825**	**3,484**
TOTAL LIABILITIES	**81,189**	**13,866**	**88,104**	**13,825**	**3,484**
TOTAL EQUITY AND LIABILITES	**353,660**	**327,640**	**356,887**	**329,056**	**11,426**

Consolidated cash flow information:

in thousands of NOK	Three months ended 31 March 2014	Three months ended 31 March 2013	Year ended 31 December 2013	Year ended 31 December 2012	Year ended 31 December 2011
Cash flows from operating activities					
Profit / (Loss) before tax	1,967	-1,989	-51,810	-12,031	-13,695
Adjustment for:					
Depreciation and amortisation	11,200	247	11,968	430	9
Deferred lease discount amortisation	-680	0	13,509	0	0
Deferred steaming costs	-779	0	0	0	0
Share based payments expense	1,720	532	5,362	815	0
Interest expense	685	8	689	40	0
Interest income	-290	-1,874	-3,691	-925	-221
Revaluation of foreign currency exchange	-591	0	441	0	0
Working capital adjustments:					
(Increase) / decrease in current assets	5,373	1,815	-56,725	-13,313	-3,157
Increase / (decrease) in trade and other payables and accruals	-12,469	2,161	22,687	1,313	1,375
	-7,096	3,976	-34,038	-12,000	-1,782
Income taxes paid	-208	0	0	0	0
Net cash from operating activities	**5,928**	**900**	**-57,570**	**-23,671**	**-15,689**
Cash flows from investing activities					
Interest received	290	1,874	3,691	925	221
Acquisition of equipment	-44	-54,989	-184,457	-32,801	-66
Payments for capitalised development and intangibles	-1,350	0	-1,951	-12,168	0
Net cash used in investing activities	**-1,104**	**-53,115**	**-182,717**	**-44,044**	**155**
Cash flows from financing activities					
Procceds from loan	0	0	0	25,000	0
Proceeds from sale and leaseback	0	0	25,000	0	0
Payment of finance lease obligation	-990	0	-334	0	0
Proceeds from issuance of ordinary shares	0	0	0	295,221	20,450
Transaction costs on issue of shares	0	0	0	-1,715	0
Interest paid	-685	-8	-244	-40	0
Net cash from financing activities	**-1,675**	**-8**	**24,422**	**318,466**	**20,450**
Net decrease in cash and cash equivalents	3,149	-52,223	-215,865	250,751	4,916
Cash and cash equivalents at beginning of period	41,780	257,645	257,645	6,894	1,978
Cash and cash equivalents at end of period	**44,929**	**205,422**	**41,780**	**257,645**	6,894

B.8	**Pro forma financial information**	Not applicable. There is no pro forma financial information.
B.9	**Profit forecast or estimate**	Not applicable. No profit forecast or estimate is made.
B.10	**Audit report qualifications**	Not applicable. There are no qualifications in the audit reports.
B.11	**Working Capital**	As of the date of this Prospectus, the Company is of the opinion that Magseis' working capital is sufficient for its present requirements and, in particular, is sufficient for at least the next twelve months from the date of this Prospectus.

Section C – Securities		
C.1	**Description the type and the class of the securities and the security identification code**	Magseis has only issued one class of shares with ISIN NO0010663669.
C.2	**Currency**	The par value of the shares is NOK 0.05 each.
C.3	**Number of issued shares and par value**	At the date of the Prospectus the issued share capital is set at NOK 1,307,573 represented by 26,151,460 Shares each with a nominal value of NOK 0.05. All the issued Shares are fully paid.
C.4	**Rights attached to the shares**	All issued shares have the same rights.

C.5	**Restriction on the free transferability of the shares**	The Shares of the Company are freely transferable.
C.6	**Application for admission to trading on a regulated market**	Magseis has applied for listing of its shares on Oslo Axess. Provided the conditions for the listing are fulfilled, it is expected that Magseis' shares are listed on Oslo Axess on 6 June 2014.
C.7	**Dividend policy**	Magseis expects that the planned expansion and growth of its business during the next few years will be likely to limit the dividend payments for the next few years. The Company has not distributed any dividend since its incorporation.

Section D – Risks		
D.1	**Key risks relating to the issuer and its business**	Magseis is exposed to inter alia risk factors related to: - Dependence on charter contracts and employment of the Vessel - Commercial disagreements and disputes - Risk associated with upgrade and repairs and total loss of equipment - The fair value of the Company's self-developed OBS-system may decrease - Intellectual Property Rights - Dependence on key personnel - Risk of war and terrorist attacks - Political, regulatory and market risks - Risks related to competition - Financial risks - Litigation
D.3	**Key risks relating to the shares**	The Shares are exposed to inter alia risk factors related to: - The price of the Shares may fluctuate significantly - There is no existing market for the Shares, and a trading market that provides adequate liquidity may not develop - Future issuances of Shares or other securities may dilute the holdings of shareholders and could materially affect the price of the Shares - Investors may not be able to exercise their voting rights for Shares registered in a nominee account - Investors in the United States may have difficulty enforcing any judgment obtained in the United States against the Company or its directors or executive officers in Norway - The transfer of Shares is subject to restrictions under the securities laws of the United States and other jurisdictions - Pre-emptive rights may not be available to all holders of Shares - Shareholders outside of Norway are subject to exchange rate risk - Major shareholders may exert significant influence - The economic situation in the market in which Magseis operates

2 RISK FACTORS

Investing in Magseis ASA must be viewed as a high-risk investment. This section highlights all known and significant risk factors related to the Company and its business, and potential investors should carefully read and assess these specific risks and the other information contained in this Prospectus. If these risks materialize, individually or together with other circumstances, they may substantially impair the business of the Company and have material adverse effects on the Company's business, prospects, financial condition or results of operations, and any capital invested in Shares may be partly or fully lost as a consequence.

The order in which the individual risks are presented below is not intended to provide an indication of the likelihood of their occurrence nor of the severity or significance of individual risks. If any of these risks materializes, the price of the Shares may decline, and investors could lose all or part of their invested capital. Potential investors in Magseis ASA are strongly recommended to carefully do their own assessment of the risk involved in an investment, before committing any capital.

2.1 Business operations risks

Dependence on charter contracts and employment of the Vessel

All or a substantial portion of Magseis' income will depend on charter contracts and employment of the Vessel. Due to the fact that Magseis' operations started in October 2013, the contract backlog is limited. There is a risk that the Company will not be able to enter into new contracts in order to utilize the Vessel, or that any new charter contracts will not be on terms satisfactory to the Company, which may result in a material adverse impact on the financial condition of Magseis and its ability to meet its financial obligations.

There may also be off-hire periods between contracts and as a consequence of defects or non-performance. There are also risks involved relating to the transport of vessels between different exploration and production fields world-wide, including damage to the vessel and delays during transportation.

Further, while Magseis aims to enter into agreements with solid companies in the oil and gas industry, there is no assurance that the counterparts are able to fulfil their obligations towards Magseis. The counterpart's ability to fulfil their obligations of a contract depends on a number of factors that are beyond Magseis' control, i.e. general economic conditions, oil and gas prices, etc. Should any of the charters fail to fulfil its obligations towards Magseis, Magseis may sustain significant losses.

Commercial disagreements and disputes

Magseis is party to contracts governing complex operational, commercial and legal matters and involving significant amounts. In the ordinary course of business Magseis may from time to time be subject to contractual disputes, commercial disagreements etc. The Company aims to specify different types of circumstances in all its contracts to avoid such matters. However, charter contracts may give the customer both extension and early cancellation options. Moreover, in case of short mobilization periods, there is a risk of late delivery and hence Magseis may become liable towards the customer. Further, the quality of data produced by the self-developed OBS-system and the time-range agreed between Magseis and its counterparts is highly dependent on weather conditions, water quality and other factors that are beyond Magseis' control and may lead to negotiation with the counterparts. Such matters may not always be resolved in Magseis' favor. The Company cannot predict with certainty the outcome or effect of such matters.

It should especially be noted that contracts within the offshore sector are associated with considerable risks and responsibilities, including but not limited to health, safety and the environment. It may be that any liability following from such responsibilities are not claimable under any insurance policies of Magseis, which could have a material adverse effect on Magseis' financial position.

Risk associated with upgrade and repairs and total loss of Vessel
Magseis will from time to time incur upgrade and repair costs for the equipment onboard the Vessel and any other vessels which may be leased or acquired by Magseis in the future. Such upgrades and repairs may become more expensive and take longer to conclude than anticipated, which in turn could have a material adverse impact on Magseis' cash resources and financial position.

The Vessel has been converted to fit into Magseis' operations. If the Vessel is severely damaged or a total loss should occur with respect to the Vessel, no other vessel suitable for Magseis' operations may be available, or any reconstruction of a new vessel may take considerable time and inflict considerable cost on Magseis, which could have a material adverse impact on Magseis' business, operations and financial condition.

The fair value of the Company's self-developed OBS-system may decrease
The fair value of the Company's self-developed seismic equipment may decrease or increase depending on a number of factors, including general economic conditions, oil and gas prices, supply and demand (competition), cost of new development etc. If the fair value of the Company's seismic equipment declines, it may affect the Company's ability to raise new financing required for future business and in general have a material adverse impact on Magseis' business, operations and financial condition.

Intellectual Property Rights
Magseis has developed a patent portfolio which is important to Magseis' operations and business. No assurances can be given that no third party claims that the patents (registered or pending) of Magseis violate such third party's intellectual property rights. If such claims are made, Magseis may have to allocate considerable resources to defend itself against such claim, which may have a material adverse effect on the operations, business and financial condition of Magseis.

Dependence on key personnel
Magseis' success is dependent on the continued service and performance of its key personnel. The loss of service of any such personnel may have a material adverse impact on Magseis' operations and future prospects.

Risk of war and terrorist attacks
Magseis may operate in areas of the world where there is significant risk of war, armed conflicts or terrorist attacks. Such events could disrupt the operations of Magseis and its customers, in which case evacuation of personnel, termination of contracts, delays to operations or loss of personnel or assets may incur. This could have a material adverse effect on Magseis' business and results in the future.

2.2 Political, regulatory and market risks

Political, regulatory and market risks
Magseis' customers are and will be involved in the offshore oil and gas industry, which is subject to volatile oil and gas prices. The prices of oil and gas is affected by a range of factors outside the control of Magseis, such as but not limited to, identification of oil and gas reserves in offshore areas worldwide, political decisions to increase or decrease oil and gas production, developments of new areas/oil fields, new regulations with respect to health, safety and environment and taxation, weather conditions, political and military conflicts and the exploration, development and production of alternative fuels.

Any reduction in the activity in this industry will have a direct effect on the demand for Magseis' services and thereby a material adverse effect on Magseis' earnings and cash flow.

Risks related to competition
Magseis operates in a global business which is highly competitive. Many competitors of Magseis have significantly greater resources compared to the resources of Magseis. The market in which Magseis operates is

further subject to rapid and substantial technological change, and developments by others may render the technology and business models of Magseis obsolete or non-competitive, which would have a material adverse effect on Magseis' operations, financial condition and future prospects. It should be expected that competitors will continuously try to decrease Magseis' competitive advantages.

2.3 Financial risks

Magseis' operational business has just started and there are many factors that affect Magseis' financial situation. Due to the recent start-up of operation Magseis' contract backlog is currently limited. If Magseis fails to renew or enter into a new contract when the current one expires, Magseis may need to raise additional financing to continue operations. No assurance can be given that Magseis will succeed maintaining a comfortable cash reserve for future operations, and no assurances can be given that the Company will be able to raise additional new financing on attractive terms, or at all.

Magseis prepares its financial statements in NOK. Revenue up until the date of the latest reporting period is NOK. However, new tenders and contracts awarded with customers are in USD.Magseis faces currency risk related to sales and purchases. The fluctuations in exchange rates could result in financial loss for Magseis.

2.4 Litigation

Magseis may become subject to disputes and litigation with its suppliers, contractors and other third parties. Such disputes could result in management being required to spend more time and resources on the dispute and could further result in a loss of revenue and/or have a material negative impact on the overall financial position of Magseis.

2.5 Risk factors relating to the Shares

2.5.1 The price of the Shares may fluctuate significantly

The trading price of the Shares could fluctuate significantly in response to a number of factors beyond the Company's control, including quarterly variations in operating results, adverse business developments, changes in financial estimates and investment recommendations or ratings by securities analysts, significant contracts, acquisitions or strategic relationships, publicity about the Company, its services or its competitors, lawsuits against the Company, unforeseen liabilities, changes to the regulatory environment in which it operates or general market conditions.

In recent years, the stock market has experienced extreme price and volume fluctuations. This volatility has had a significant impact on the market price of securities issued by many companies, including companies in the same industry as that of Magseis. Those changes may occur without regard to the operating performance of these companies. The price of the Company's Shares may therefore fluctuate based upon factors that have little or nothing to do with Magseis business, and these fluctuations may materially affect the price of the Shares.

2.5.2 There is no existing market for the Shares, and a trading market that provides adequate liquidity may not develop

Prior to the Listing, there is no regulated market for the Shares, and there can be no assurance that an active trading market will develop, or be sustained. The market value of the Shares could be substantially affected by the extent to which a secondary market develops for the Shares.

2.5.3 Future issuances of Shares or other securities may dilute the holdings of shareholders and could materially affect the price of the Shares

It is possible that the Company may in the future decide to offer additional Shares or other securities in order to finance new capital-intensive projects, or in connection with unanticipated liabilities or expenses or for any other purposes. Any such additional offering could reduce the proportionate ownership and voting interests of holders

of Shares, as well as the earnings per Share and the net asset value per Share of the Company, and any offering by the Company could have a material adverse effect on the market price of the Shares.

2.5.4 Investors may not be able to exercise their voting rights for Shares registered in a nominee account

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

2.5.5 Investors in the United States may have difficulty enforcing any judgment obtained in the United States against the Company or its directors or executive officers in Norway

The Company is incorporated under the laws of the Kingdom of Norway, and all of its current directors and executive officers reside outside the United States. Furthermore, all of the Company's assets and all of the assets of the Company's directors and executive officers are located outside the United States. As a result, investors in the United States may be unable to effect service of process on the Company or its directors and executive officers or enforce judgements obtained in the United States courts against the Company or such persons in the United States, including judgements predicated upon the civil liability provisions of the federal securities laws of the United States. The Company has been advised by its Norwegian legal counsel that the United States and Norway do not currently have a treaty providing for reciprocal recognition and enforcement of judgments (other than arbitral awards) in civil and commercial matters.

2.5.6 Transfer of Shares is subject to restrictions under the securities laws of the United States and other jurisdictions

The Shares have not been registered under the U.S. Securities Act or any state securities laws in the United States or any other jurisdiction outside of Norway and are not expected to be registered in the future. As such, the Shares may not be offered or sold except pursuant to an exemption from the registration requirements of the U.S. Securities Act and applicable securities laws. See Section 6 "Notice and Transfer Restrictions ".

2.5.7 Pre-emptive rights may not be available to all holders of Shares

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

Holders of Shares resident in the United States, and possibly shareholders in other jurisdictions as well, may not be able to receive, trade or exercise pre-emptive rights for Shares unless a registration statement in the United States (or similar registrations in other jurisdictions) under the U.S Securities Act is effective with respect to such rights or an exemption from the registration requirements is available. The Company is currently not subject to any reporting requirements of the U.S. Securities and Exchange Act of 1934, as amended, or any other foreign jurisdiction reporting requirements, and currently has no intention to subject itself to such reporting. If holders in the United States, or possibly shareholders in other jurisdictions, are not able to receive, trade or exercise pre-emptive rights granted in respect of their Shares in any share issues by the Company, then they may not receive the economic benefit of such rights. Any such rights may 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 shareholders' proportionate shareholding in the Company will be diluted.

2.6.7 Shareholders outside of Norway are subject to exchange rate risk

The Shares are priced in Norwegian kroner ("NOK"), the lawful currency of Norway, and any future payments of dividends on the Shares or other distributions from the Company 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 materially adversely affected.

2.6.8 Major shareholders may exert significant influence

As at the date of this Prospectus, certain shareholders, including Westcon Group AS, Geo Innova AS, Anfar Invest AS, Clipper AS and Gneis AS, control a significant percentage of the share capital. These shareholders have entered into a shareholders' agreement as further described in section 13.7. It cannot be ruled out that these shareholders will still be able to exert significant influence over Magseis' operations following the completion of the Listing. A concentration of ownership may have the effect of delaying, deterring or preventing a change of control of the Company that could be economically beneficial to other shareholders. Further, the interests of shareholders exerting a significant influence over the Company may not in all matters be aligned with the interests of Magseis and the other shareholders of the Company.

2.6 Other risks

Magseis is influenced in general by the economic situation in the market in which Magseis operates. The global economy and the global financial markets have been characterized by substantial uncertainty and problems of historical enormity since early 2007.

A decrease, or the lack of improvement, in the global economy and problems relating to governmental treasuries, equity- and debt markets, the access to and cost of capital, the general confidence by consumers, increased unemployment, increase in inflation and interest rates may have a grave and substantial negative effect on Magseis' business, revenue, financial position and equity. The exact effects on Magseis are very uncertain and not possible to describe in any precise manner as at the date of this Prospectus.

3 RESPONSIBILITY STATEMENTS

3.1 Board of Directors

This Prospectus has been prepared in connection with the Listing of the Company's Shares on Oslo Axess.

The Board of Directors of the Company hereby declares that, 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, 4 June 2014

The Board of Directors of

Magseis ASA

Anders Farestveit | Noralf Matre | Jan Gateman

4 NOTICE REGARDING FORWARD-LOOKING STATEMENTS

This Prospectus includes "forward-looking" statements, including, without limitation, projections and expectations regarding the Company's future financial position, business strategy, plans and objectives.

When used in this document, the words "anticipate", "believe", "estimate", "expect", "seek to", "may", "plan" and similar expressions, as they relate to the Company, its subsidiaries or its management, are intended to identify forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of the Company and its subsidiaries, or, as the case may be, the industry, to materially differ from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company and its subsidiaries will operate. Factors that could cause the Company's actual results, performance or achievements to materially differ from those in the forward-looking statements include, but are not limited to:

- the competitive nature of the markets in which the Company and its subsidiaries operate;
- access to capital;
- global and regional economic conditions;
- government regulations;
- changes in political events; and
- force majeure events.

All forward-looking statements included in this Prospectus are based on information available to the Company, and views and assessments of the Company, as at the date of this Prospectus. The Company expressly disclaims any obligation or undertaking to release any updated or revisions of the forward-looking statements contained herein to reflect any change in the Company's expectations with regard thereto or any change in events, conditions of circumstances on which any such statement is based, unless such update or revision is prescribed by law.

Some important factors that could cause actual results to differ materially from those in the forward-looking statements are, in certain instances, included with such forward-looking statements and in Section 2 "Risk Factors".

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

The information in this Prospectus that has been sourced from third parties has been accurately reproduced and as far as the Company is aware and able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of third party information is identified where used.

5 THE LISTING

5.1 Purpose of the listing

The Company's Shares have been traded on the OTC list maintained by the Norwegian Securities Dealers' Association since 27 December 2012. The Company believes that a transfer of the trading in the Shares to an authorized market place could benefit the Company and its Shareholders as well as provide better access to the capital markets in the future.

5.2 Listing and admission to trading

The Company has on 6 May 2014 applied for listing of its Shares at Oslo Axess. It is expected that the board of directors of Oslo Børs ASA will consider the application on the board meeting 4 June 2014.

Provided the board of directors of Oslo Børs ASA on 4 June 2014 approves the Company's Shares for listing, the first day of trading for the Shares on Oslo Axess is expected to be on or about 6 June 2014.

The Shares are not listed on any other stock exchange or authorized market place, and no application has been filed for listing on any other stock exchanges or authorized market places other than Oslo Axess.

6 NOTICE AND TRANSFER RESTRICTIONS

6.1 Notice to prospective investors

No person has been authorized to give any information or make any representations other than those contained in this Prospectus and, if given or made, such information or representations must not be relied upon as having been authorized. This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any securities. Neither the delivery of this document nor any sale made under this document shall, in any circumstances, create any implication that there has been no change in the affairs of the Company since the date hereof and that the information contained in this document is correct as of any time subsequent to the date of this document.

Financial information included in the document have been derived from financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU. Prospective investors should review the accounting policies applied in the preparation of the financial statements and consult their own accounting experts in order to understand how such differences may be relevant to their review of the Company's financial statements.

6.2 Transfer restrictions – United States

The Shares have not been and will not be registered under the U.S. Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. The Shares are "restricted securities" within the meaning of Rule 144(a) (3) and no representation is made as to the availability of the exemption provided by Rule 144 for resales of any Shares, as the case may be.

7 PRESENTATION OF THE COMPANY

7.1 Incorporation, registered office and registration number

Magseis ASA is a public limited liability company incorporated under the laws of Norway. The Company was founded on 4 September 2009 and incorporated as a limited liability company 13 October 2009. The Company was converted into a public limited liability company on 27 May 2014 and is governed by the Norwegian Public Limited Companies Act.

The Company's legal and commercial name is Magseis ASA. The Company's registered address is Dicks vei 10b, 1366 Lysaker, Norway, with corporate registration number 994 547 852. The Company's website is www.magseis.com and phone number is +47 21 39 22 40.

7.2 Business and company overview

Magseis ASA is a Norwegian geophysical company founded in 2009 by Ivar Gimse and Jan B. Gateman. The management team and staff have significant experience within geology, geophysics as well as marine seismic operations. The Company has developed a proprietary system which will significantly improve the efficiency of OBS operations. OBS data is so-called 4C seismic data (four components comprising one hydrophone and three geophones) which is widely recognized as the highest quality seismic data available today. However, the adoption of OBS technology has been slow due to the significant costs related to seismic data acquisition and therefore it has primarily been used for smaller, field development surveys. This has started to change over the past few years as exploration and production companies, struggling with increasingly challenging geology, have started to apply the technology over much larger areas.

The Company has developed a technology which allows an Ocean Bottom Cable ("OBC") to be deployed in much greater lengths than what has previously been possible. Through this technology Magseis aim to reduce the time required to conduct OBS surveys and consequently the cost. The vision is that OBS costs can be reduced to a level where it becomes a widely used tool for not only field development but also for exploration.

During 2013 the Company established its first commercial-scale crew using the MASS technology. This comprises 3,000 sensors that have been integrated with a 75km cable. This system has been put into operation using a vessel recently converted for this purpose, the Artemis Athene. As part of the system, a fully-automated handling system has been developed and installed on-board the vessel. This handling system uses well-established industrial robot technology to automate the handling of the cable and sensors as well as the extraction of the geophysical data collected.

The system described above serves as the foundation for the Company's services which are to offer OBS acquisition services to oil and gas companies worldwide. During October 2013 the Company started its first commercial project for Statoil ASA on the Albatross and Snøhvit fields located in the Barents Sea. During 2014 the Company finalized this project as well as a smaller project for Talisman Energy on the Varg field. Most recently, the Company has started a 4D survey (a 4C survey repeated at regular intervals) on the Oseberg field for Statoil.

Working for leading oil and gas companies such as Statoil and Talisman Energy and with the Westcon Group as a key partner, the Company is continuously developing the organization in order to build an industry leading OBS company providing high quality estimates of the properties of the Earth's subsurface from reflected seismic waves captured by sensors placed on the seabed. The Company's vision is to become the preferred and leading provider of OBS services. The Company's customers are mainly exploration and production companies located in Norway or internationally.

7.3 History and important events

From the incorporation in 2009 until late 2011 the Company's focus was related to technology development and testing of the MASS concept. During 2012 a series of consecutively larger MASS prototype systems were tested offshore together with potential clients. The results from these tests served as the foundation for the commercialization of the technology and towards the end of 2012 the Company entered into a contract with Siemens AS for the manufacture of a 3,000 unit MASS system.

In July 2013 Magseis signed a firm contract with Statoil for OBS acquisition on the Snøhvit and Albatross Fields (part of the Snøhvit development). The survey started during October 2013 and operations continued through the beginning of January 2014 at which point it was put on hold due to fishing activities. The Company entered into a contract for OBS work with Talisman Energy on the Varg field which was completed during March 2014. Thereafter work commenced to finalize the Albatross survey, which was completed on May 16 2014.

In December 2013 Magseis entered into a frame agreement to provide global OBS acquisition services for Statoil ASA during the period from 2014 – 2018. Magseis has been awarded work orders for two projects during 2014 (Gullfaks and Oseberg) for which work has recently started.

The most significant milestones in the development of the Company are summarized below.

Year	Significant events
2009	• Ivar Gimse and Jan B. Gateman establish Magseis
2011	• Successful test of first prototype of MASS-system
2012	• Raised NOK 332 million in new equity • Signed a Letter of Intent ("LOI") with Statoil Entered into a strategic cooperation with Westcon Group
2013	• Signed a LOI with TGS Nopec • Signed the first OBS acquisition contract with Statoil • Signed a Time Charter contract for Artemis Athene Started operation in Q4 – contract with Statoil • Entered into a frame agreement to provide global OBS acquisition services for Statoil during the period from 2014 – 2018
2014	• Entered into contract with Talisman Energy for OBS work on the Varg field. • Raised NOK 120 million in new equity. • Signed USD 4 million convertible loan agreement with Shell Technology Ventures.

7.4 Business strategy and vision

Magseis was developed on the premise that while OBS provides the highest quality seismic data available today, the adoption has been slow due to the significant costs related to acquisition. For this reason it has historically been used for smaller, field development surveys but recent years' growth rates suggest that E&P companies are staring to apply the technology over much larger areas as they struggle with increasingly challenging geology in a high cost environment.

To address this, the Company set out to develop a system that was based on individual, autonomous sensor capsules that were small enough to still be integrated in a steel cable. By doing so the system would not be prone to the same technical downtime rates as the serially connected sensors in existing electrical systems while still

enjoying the advantages in terms of deployment and recovery that cable based systems have over deep-water node systems.

The key characteristic of the MASS system is the small footprint which allows for a large amount of equipment to be placed on-board one vessel. Given the autonomous nature of the sensors this means that the Company is able to deploy an Ocean Bottom Cable in much greater lengths than what has previously been possible. By doing so the Company reduces the amount of time required to conduct an OBS survey which again results in a lower cost for the Company's clients.

Magseis' vision is that by developing crews that can operate OBS cable inventories of 150km and more, the Company will be able to bring about a significant cost reduction for its clients. Over time, Magseis will target commercialization of super-crews operating several hundred kilometers of OBS cable and which, combined with advances within seismic source technologies and acquisition methods, will reduce OBS costs to a level where it becomes a widely used tool for not only field development but also for exploration.

7.5 Technology and services

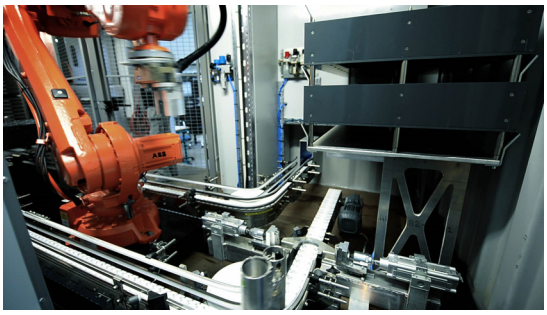
7.5.1 Technology

The Company has developed its own OBS acquisition system based on the principles of small, autonomous sensor capsules that can be integrated in an optimized steel cable and which can be deployed and recovered at high speed and in much larger quantities than existing equipment in the market (the MASS system).

The sensor capsules have been designed as autonomous units where each capsule contains, hydrophone, geophones, batteries and electronics with dedicated software all of which is assembled inside a watertight, duplex-steel casing.

MASS sensor capsule:	Key specifications:
	• Battery life: 45 days (up to 75 in low power mode) Recording: Full 32 bit • Time: < 0.1ms over 15 days (uncorrected) • Water depth: Depth rated to 3,000 meters

On-board the vessel the sensor capsules are handled by a fully-automated system based on well-established industrial robot technology as well as in-house developed software. The system has been designed to handle large numbers of sensor capsules in a safe and efficient manner while also reducing the amount of manual labor required. Long-term the target is to enable deployment and recovery speeds of up to 4 knots.

Control system interface	Part of handling system
	

7.5.2 Services

Magseis' business model is to deliver OBS acquisition services to oil and gas companies on a world-wide basis, but with a focus on important offshore regions such as the North Sea, Gulf of Mexico, Brazil, West Africa and Southeast Asia. Since the Company started its commercial operation in autumn of 2013 all revenues to the date of this prospectus come from Norway. However, in the future the Company expects a significant part of its revenues to be generated internationally. A key competitive advantage is the Company's MASS technology, which enables the Company to provide high quality OBS data at a lower cost compared with existing competing technologies. Working with its clients Magseis provides survey design and planning as well as offshore acquisition services. Magseis will not initially deliver the subsequent data processing and interpretation services which are often conducted by third parties selected by the clients themselves.

The Company has recently put its first crew into commercial services using the vessel Artemis Athene. The Artemis Athene has been significantly refurbished by its owner, West Contractors, and has been upgraded to enable Magseis' operations. Currently the Artemis Athene operates a MASS cable inventory of 75km with 3,000 sensor capsules. However, work is now ongoing to increase the inventory to 4,500 sensor capsules which corresponds to more than 110km of cable.

Artemis Athene	Key specifications
	• Year built: 1991 (major upgrade 2001 and 2013) • L.O.A / Width: 92m / 18m • DP class: DP2

7.6 Research and development policies

Research and development ("R&D") is an integral part of Magseis' development. The Company has invested significant resources into developing its own seabed seismic system (the MASS system) and will continue to invest in order to further develop the technology in order to reduce power consumption, reduce footprint and increase the efficiency. R&D activity is conducted across all three offices (Oslo, Bergen and Stockholm) using a combination of full time employees as well as consultants engaged on long-term contracts.

The MASS technology serves as the foundation for expansion into many related business areas and the Company is working closely with clients to develop technology that will further improve the efficiency of the system and create new business opportunities in related segments.

See section 12.8.1 for research and development costs incurred in the period covered by the historic financial information.

7.7 Patents and licenses

Magseis creates its own proprietary technology, and has developed an IP strategy for IP protection and IP value creation. As part of this, Magseis is building a patent portfolio designed to prevent third party technology abuse, and ensuring freedom to operate.

Patents have so far been applied for in relation to seven separate inventions, including an Ocean Bottom Cable system, a node deployer, a node calibration solution, a system for loading sensor capsules, a system for handling sensor capsules, and a storing and control unit for node equipment. Patents have been granted in Norway, USA, Nigeria and Australia for the Magseis Ocean Bottom Cable ("OBC") system. The other applications were filed in 2012 and 2013, and patent grant is therefore still pending. In general, Magseis seeks patent protection in the relevant product markets, such as the EU, the US, Mexico, and Angola. Magseis is continuously monitoring patent activity within its technology area in order to reduce the risk of third party patent infringement.

Magseis has also obtained legal protection for the visual characteristics of its seismic node and its sensor capsule, by registering the design of these products in Norway. Design patent has also been granted in the US.

Patent overview

Description	Filing date	Issue date	Country
Ocean Bottom Cable system application	07.05.2010	27.12.2011	Norway/USA/ Nigeria/Australia

The Company has several applications pending, as set out in the table below. (PCT = International application covering 148 countries)

Description	Filing date	Issue date	Country
Seismic sensor capsule calibration system	16.08.2012	N/A	Norway/USA/PCT
System for loading of seismic sensor capsules	27.11.2012	N/A	Norway/USA/PCT
System for handling of seismic sensor capsules	15.05.2013	N/A	Norway/PCT
Storage and control unit for seismic sensor capsules	06.08.2013	N/A	Norway/PCT
System for seismic sensor capsule deployment	06.09.2013	N/A	Norway
System for cleaning of sensor capsules	11.12.2013	N/A	Norway

7.8 Organization

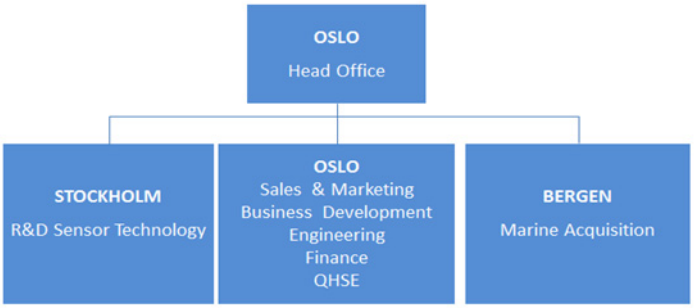
Magseis conducts its operations from three different locations. As of 31 March 2014, the Company had 70 full time employees and consultants.

	Main function	Number of employees 31/03/2014
Oslo, Norway	Head Office	13
Bergen, Norway	Operations Office	14
Stockholm , Sweden	Technology Office	8
Offshore		35
Total		**70**

The Company employs a broad mix of competencies including inter-alia geophysical, engineering, marine operations, manufacturing, information technology, human resources, accounting and finance.

The organizational structure is set out in the chart below:

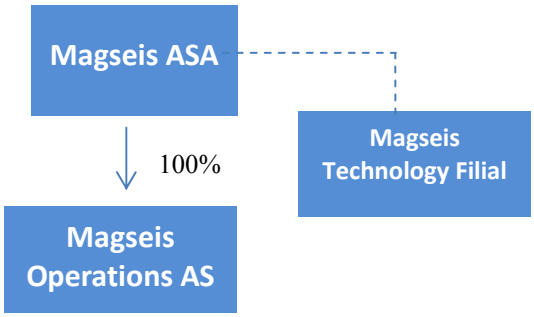
Organizational structure



7.9 Legal structure

The Company's legal structure is set out in the chart below:

Legal structure



Magseis ASA owns 100 % of the shares in Magseis Operations AS. The subsidiary was established and incorporated in Norway with the intention to move all offshore operations to a separate company. The parent company will then operate as a clean holding company with the responsibility for administration and financing. As of the Listing, all operations will still be executed from Magseis ASA. The restructuring is planned executed during 2014. In January 2014 Magseis ASA established a Swedish branch (Magseis Technology Filial) for R&D sensor technology work.

7.10 Fixed assets and equipment

Fixed assets comprise mainly of a MASS cable inventory of 75km with 3,000 sensor capsules and corresponding handling equipment. The Company has per 31 March 2014 invested a total of NOK 236 million in cable, sensors and handling equipment related to the 75km MASS system. There are no liens on the equipment. For further details regarding investments see section 8.

In addition to the equipment related to the MASS system the Company has entered into a long term lease with West Contractors for the vessel Artemis Athene and the winch package related to this vessel. The winch package is treated as a finance lease in the accounts and is shown as an asset and a liability in the financial statements. The Company does not have the legal ownership of this equipment.
The Company rents its offices in Oslo, Stockholm and Bergen. The annual leases in Oslo, Stockholm and Bergen amount to NOK 3.0 million.

The Company is not aware of any environmental issues that may affect the utilization of the tangible fixed assets.

7.11 Material contracts

The Company and Westcon (West Contractors AS) on 1 October 2013 entered into a five year time charter party for the vessel Artemis Athene at a daily charter rate of USD 47,000. As part of the agreement, Westcon purchased seismic equipment (at a value of NOK 25 million) from the Company that is permanently installed on the vessel and leases this equipment back to the Company over five years at a daily rate of USD 3,000.

The Company and Westcon have also on 27 February 2013 entered into a service agreement, pursuant to which Westcon is to provide certain broker services (to assist the Company in identifying suitable vessels for its seismic operations), marine support services (advising and assisting the Company on the marine operational part of its seismic operations and in selecting maritime equipment and vessel conversions etc.). In addition, the agreement allows the Company to call off marine consultancy, modification and marine operations services, subject to Westcon's availability and the parties agreeing the detailed terms of the same. In compensation for the brokerage and marine support services, Westcon will be paid a percentage fee of the net hire payable by the Company for its chartered vessels. Such net fee is included in the charter rates set out above.

For further details regarding the lease for Artemis Athene see section 9.8.

On 23 July 2013 Magseis entered into a contract with Statoil ASA for OBS acquisition services on the Albatross and Snøhvit fields. The contract value was originally estimated around USD 15 million and the duration around 60 days. The start of the survey was delayed to October 2013 and, due to severe winter weather conditions, experienced significant delays. Work continued through the beginning of January 2014 at which point it was put on hold due to fishing activities. The Company then entered into a contract for OBS work with Talisman Energy on the Varg field. The project was estimated to take approximately 30 days and with an estimated contract value of USD 5 million. The project was completed mid-March and was conducted on time and on budget. Thereafter work commenced to finalize the Albatross survey, which was completed on 16 May 2014.

On the 9th of December 2013 Magseis entered into a frame agreement to provide global Ocean Bottom Seismic (OBS) acquisition services for Statoil ASA during the period from 2014 – 2018. The frame agreement regulates the work that has been awarded for the 2014 season as well as for future tenders during the term of the agreement. Under the agreement, Magseis has been awarded 4D OBS work on the Oseberg and Gullfaks fields during 2014. The expected duration of the work is approximately four months depending on weather and interference and the estimated contract value is in excess of USD 25 million

The Company has developed and owns its own intellectual property and as such is not reliant on the intellectual property of any third parties to conduct its activities. However, the Company has a well-defined patent strategy designed to ensure the freedom to operate its technology in various key regions as well as to prevent others from copying the technology. Currently the Company only has one vessel in operations. This means that the Company is dependent on the commercial contracts related to that vessel to generate revenues.

7.12 Litigation and disputes

During the course of the preceding twelve months, neither the Company nor its subsidiary have been involved in any legal, governmental or arbitration proceedings which may have, or had in the recent past, significant effects on the Company’s financial position or profitability, and the Company is not aware of any such proceedings which are pending or threatened.

8 MARKET OVERVIEW

The following information appearing under this section 8 of the Prospectus contains information sourced from third parties. The Company confirms that this information has been accurately reproduced and that, as far as the Company is aware and is able to ascertain from information published by such third parties, no facts have been omitted that would render the reproduced information inaccurate or misleading. Where information sourced from third parties has been presented, the source of such information has been identified.

8.1 General marine seismic industry overview

Since the first half of the 20th Century oil & gas companies have sought to minimize the risk of exploration, development and production from both onshore and offshore reservoirs through acquisition and interpretation of seismic data - subsurface imaging. For offshore applications, seismic data is recorded through listening devices, which are either towed behind a streamer vessel or placed directly on the seabed. These methods are called streamer seismic and ocean-bottom seismic (OBS). Both methods measure the time echo vibrations take from a source to a sensor.

In water the source of the echo is a series of shots from air guns, which is reflected by the different subsurface layers and reflected back up to the sensor. Through advanced mathematical interpretation of the duration and strength of the different waves of echoes, imaging of the subsurface is made possible. The oil & gas companies use this information to optimize their decisions whether or not to drill, and the exact location of wells to be drilled. Furthermore, the seismic information depicting the fracture patterns, lithology (species of stones), structures and fluid content of subsurface horizons, may be used by engineers in their decisions on drilling and completion methods, and decisions on overall production for the entire life-cycle of the reservoir.

8.1.1 Historical development

In the recent decades the technological and methodical development of the seismic industry has enabled a series of nuances in the different applications of seismic activities. The differences range from plain two-dimensional (2D) exploration with a single streamer using hydrophones, to reservoir fluid migration surveillance over time using stationary ocean-bottom sensors with three orthogonally-oriented geophones and one hydrophone.

The currently employed seismic technologies have been developed since the 1960s with the first use of digital recording. The historical development of seismic technologies and solutions may be briefly summarized as follows:

1960s: The start of digital seismic data acquisition, which succeeded the analogue output from the sensors. The now digital data could be processed and interpreted by computers. Systematic correction of known errors increased the quality significantly; further exacerbated by improved computer filings, storage, database management and algorithms employed in the processing and interpretation of raw data into more reliable subsurface seismic information.

1980s: Acquisition of two dimensional (2D) seismic data was the prevailing commercial method to obtain useful information. Marine recording was conducted through towing a straight line of receivers, fitted into one streamer, slightly below the sea surface. Geophysicists and geoscientists attempted to create a three dimensional (3-D) image of the subsurface by speculating on the characteristics of the Earth between the different 2D slices. During the 1980s the commercial development of 3D seismic acquisition evolved. Development and cost reduction of computer processing power and acquisition techniques allowed more widespread application of 3D seismic. Vessels towed several parallel streamers with receivers and the geoscientists were able to process the collected data to depict a more complete and correctly detailed three-dimensional image of the subsurface, including geological horizons, fault planes and structures, rock types and fluid properties. The interpreters could

more precisely pinpoint the migration paths of the hydrocarbons. New reservoirs were found, exploration and production costs fell and the overall risk associated with finding hydrocarbons was lowered.

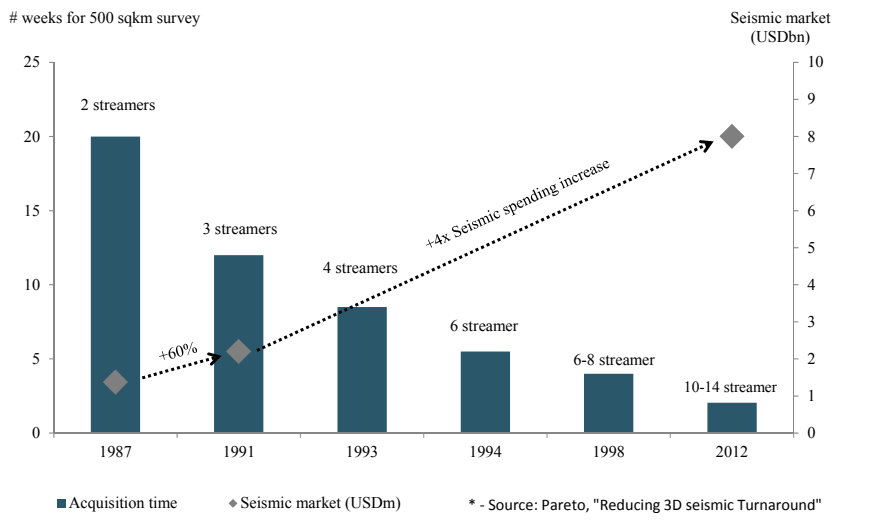
1990s - 2005: 3D marine seismic adoption accelerated during the 90s and by the end of the decade, this was the industry standard as the most important pre-drill tool. Advances in vessel and equipment technology increased the efficiency of data acquisition and reduced the cost of 3D data drastically. With falling commodity prices towards the end of the 1990s, E&P companies contracted fewer new seismic surveys, which in turn led to lower speed of technological development. As a consequence, the utilization of seismic vessels during the late 1990s fell. To counteract the tendency and increase the vessel utilization providers of seismic surveys started to acquire seismic data on a speculative basis, which they capitalized as an asset with a view to selling at a later stage. These surveys were not configured according to the specification of customers, but had the advantage that they could be sold to multiple clients; the business model was hence called multi-client. Since the start of multi-client several hybrid business models have evolved, where parts of the costs associated with the acquisition and interpretation of the seismic data are pre-funded by the end-users.

2005 – Present: By 2005, an increase in oil & gas prices saw E&P companies starting to significantly increase their capital spending for seismic surveys. The historical success rate on exploration wells was 20-25% and the E&P companies' drilling programs had become vastly more costly. This led to a sharp rise in the pace of innovation with a strong focus on the subsurface image quality. To improve the quality, the seismic contractors towed more and more streamers after the vessels to obtain wider angels from the seismic source (air gun). The number of towed streamers rose steadily and the newest vessels may tow up to 24 streamers. The second tendency, seeking to break the limitation of linear acquisition patterns, was to acquire the data in different azimuths (directions). Multi-Azimuth (MAZ) seismic acquisition was done by shooting the lines in different directions over the same area and then combining the data. A third new acquisition method was wide-azimuth (WAZ), where the concept was to de-couple the seismic source and the receivers. During the WAZ acquisition independent source vessels shot from different angels and distances to the streamers. There are currently a wide range of hybrid survey configurations combining the principles of MAZ and WAZ. The financial crisis slowed down the growth and development somewhat; however, with a price for brent crude oil of between USD 90 and 130 since the start of 2011 the activity during the last two years has been high with attractive prices offered by the E&P companies to the seismic contractors.

8.1.2 Technological and methodical development leading to larger surveys and more spending

The dynamics and spending in the seismic industry has changed significantly with the increase in data acquisition efficiency. I 1987 a 500 square kilometer reference survey with two streamers took approximately 20 weeks, today that same survey would be shot by 10-14 streamers and take around three weeks. In combination with this significant increase in efficiency there has also been a four-fold increase in the amount of spending. The E&P companies have allocated, in absolute terms, significantly more on seismic surveys. The increases in efficiency and ability to acquire larger-scale regional surveys have contributed to the historical high growth of the seismic market.

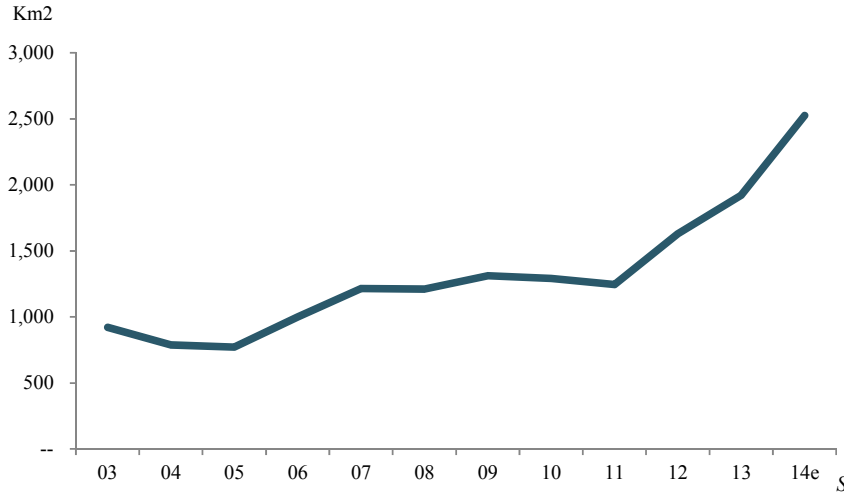
Seismic spending relative to streamers and efficiency



Source: Pareto Securities Equity Research proprietary information and researchs, "Oil Service, Magseis AS", 2012. Not public information

With the more cost efficient and faster data collection yielding an increase in spending, as observed above, the average survey sizes grew 2.5 times in the last decade. An average survey rose from 1,000 square kilometers to 2,500 between 2003 and 2013.

Average streamer survey size



Source: PGS, 2012, December 2012 Capital Markets Day Presentation, http://pgs.com/Investor-relations/Presentations/Ocean-Bottom Seismic (OBS)

In parallel with the development of the streamer seismic the ocean-bottom seabed seismic segment evolved. The OBS technologies were widely recognized as the technique yielding the highest quality images. This approach entails OBS receivers being placed directly on the seabed, which materially reduces noise in the data recorded and enables the additional measurement of vibrations in the earth through the three geophones inside the sensors. The fact that the source and the sensors are fully de-coupled allows full azimuth (360 degree illumination of each sensor) and fold (distance to the sensors), which again significantly improves the quality of the images.

In addition to providing the best sub-surface imaging OBS also remedied the problem streamer seismic had of imaging structures and hydrocarbon below salt (through enabling longer offsets) and gas (through recording so-called shear waves). OBS' interpretation of seabed vibrations enabled assessment of prospects in geologies where salt and/or gas is present.

8.1.3 Ocean-bottom seismic (OBS) technologies

Ocean-bottom cables (OBC) have historically been the most used equipment for collecting OBS. The principle is to lay cables on the seabed with a series of receivers integrated along the cable. These cables are, if Magseis is

excluded, up to approximately 30 kilometers long and have a receiver typically every 25 meters. The cables are attached to either a vessel or a buoy, and the signals are sent from the receivers through the cables to the storage unit in the vessel or buoy. Conversely, electricity is sent from the vessel or buoy through the cables to the receivers. A de-coupled independent source vessel with seismic air guns shoots in a grid at the sea level. The applicable water depths have historically been down to about 700 meters, although OBC cables have been used down to 2000 meters, and the daily production ranges from approximately 1-2 square kilometers.

The advantages of this OBC technology and method are typically:

- Real-time control of operations
- Higher deployment speed than nodes
- Good sampling density along the cable (distance between the receivers)
- Light weight of the cables relative to the nodes

The disadvantages of this OBC technology and method may be:

- Power and electrical signals are sent through the cables, which makes them vulnerable to breaches in wires/fiber inside the cables and errors in the power source. Particularly if the power source is located in a buoy. Furthermore, if the cables are damaged at a certain point it may disable the rest of the cables
- Because the signals are sent along the cables it limits the maximum possible length of the cable. A series of signal enhancers must typically be placed along the cable
- The systems are not suitable for ultra-deep water depths

The key suppliers of OBC are WesternGeco (subsidiary of Schlumberger) with the Q-Seabed system and Seabed Geosolutions with the Sercel SeaRay systems. The latter company is a newly created joint venture between CGG (40%) and Fugro (60%). ION Geophysical leads another joint venture together with Georadar named OceanGeo. ION took over previous OBC provider RXT's stake in GeoRXT and has recently increased their ownership to 70%. OceanGeo currently has one crew and uses ION's VectorSeis Ocean (VSO) I/II.

Ocean-bottom nodes (OBN) on the other hand started on a commercial basis in 2005. The nodes are autonomous battery-powered sensors, which are normally placed on the seabed using ROVs. Due to the relative complexity and required time of placing these nodes on the seabed the distance between them (sampling density) is often longer than the case for OBC. The principle of de-coupled shooting is the same. The nodes traditionally weigh around 30 kilograms for shallow/deep water nodes, and between 60 and 150 kilograms for ultra-deep water systems. Estimated daily production is up to 2 square kilometers for shallow water systems and around 1.0 square kilometers for ultra deepwater systems. The battery capacity varies between 15-75 days.

The advantages of this OBN technology and method are:

- May be operated with one vessel
- May be used down to water depths of 3,000 meters
- Robust with very low technical downtime

The disadvantages of this OBN technology and method may be:

- The equipment is large and heavy, which makes handling more difficult and limits the amount of equipment that may be brought on-board
- The battery capacity is limited, which may demand that the nodes are recollected before all the shooting is completed
- It takes time to recharge the batteries, which is costly and inefficient when one is offshore'
- The deployment/collection using ROVs is time intensive, which reduces the production efficiency
- The sampling density is typically more sparse, which reduces the image quality

The key suppliers in this space are Fairfield with the Z700 and Z3000 systems, Seabed Geosolutions with the CASE Abyss and Trilobite systems, and Seafloor Geophysical Solutions with their OYO Geospace based OBX nodes on a rope.

Magseis has developed a system with small, autonomous sensor capsules which can be inserted into an optimized steel cable and deployed and recovered at high speed and in large quantities. The battery capacity is in line with the best in class OBN technologies.

8.1.4 Competitive landscape for OBS providers

If local, Chinese and very shallow water/transition zone crews are excluded, the current OBS fleet currently counts 13 crews by six operators. Seabed Geosolutions and Fairfield represents nine out of the total. The different OBC and OBN crews vary in their specifications with the addressable water depth and production rates being the most critical factors. The difference in features prevents many of the crews from tendering on the same surveys, which makes the actual competition for certain surveys less; in some cases only one or two crews are eligible for taking on the contract. The highly specialized equipment often leads to crews staying in the same regions over longer periods. The table below summarizes the key feature of the crews.

Company	#	System type	Technology	Max. water depth (m)	
Fairfield	1	OBN	ZNodal Z700	Shallow/deep	700
"	2	OBN	ZNodal Z700	Shallow/deep	700
"	3	OBN	ZNodal Z3000	Ultra-deep	3 000
GeoRXT (Georadar/ION JV)	1	OBC	VectorSeis Ocean I/II	Deep	2 000
Seabed Geosolutions (CGG/Fugro JV)	1	OBC	Sercel (SeaRay 300)	Shallow	1.5-500
"	2	OBC	Sercel (SeaRay 300)	Shallow	1.5-500
"	3	OBC	Sercel (various)	Transition/shallow	1.5-500
"	4	OBC	Sercel (various)	Transition/shallow	1.5-500
"	5	OBN	Trilobit	Ultra-deep	3 000
"	6	OBN	Case Abyss	Ultra-deep	3 000
Seafloor Geophysical Solutions	1	OBN	CARS (OYO techn.)	Deep	3 000
WesternGeco (Schlumberger)	1	OBC	Q Seabed	Deep	700-1,500
Magseis	1	OBN	MASS	Ultra-deep	3 000

Source: Prepared and obtained in 2014 from personal contact and research as well as the following company websites: http://www.fairfieldnodal.com/seismic-acquisition/fleet, http://www.fairfieldnodal.com/seismic-acquisition/z700-acquisition-overview, http://www.fairfieldnodal.com/seismic-acquisition/z3000-acquisition-overview, http://www.google.co.uk/url?sa=t&rct=j&q=&esrc=s&source=web&cd=8&ved=0CEoQFjAH&url=http%3A%2F%2Fphx.corporate-ir.net%2FExternal.File%3Fitem%3DUGFyZW50SUQ9NTMyODE3fENoaWxkSUQ9MjIwNDM4fFR5cGU9MQ%3D%3D%26t%3D1&ei=7cWMU5DzKJTD4QTe6oCwBw&usg=AFQjCNG3SkMufjbeIpL42gEfx0tP6fQKdA&bvm=bv.68191837,d.bGE, http://www.seabed-geo.com/our-solutions/seabed-acquisition-services.aspx, http://seafloorgeosolutions.com/Home/tabid/56/Default.aspx, http://www.slb.com/services/seismic/seismic_acquisition/services/marine/technologies/qseabed.aspx

8.1.5 Application of Ocean-Bottom Seismic

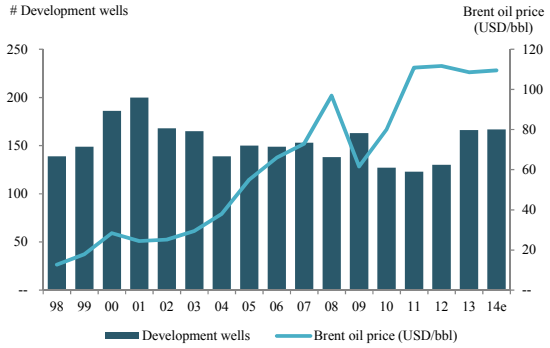
Acquisition of seismic data may be divided into two main application categories, firstly exploration for new reserves and, secondly, field appraisal and development programs of already discovered hydrocarbons. The latter includes seismic acquisition on producing fields. They are typically referred to as exploration and production seismic, respectively.

As a general observation, OBS is a less cost efficient way of acquiring seismic data than a streamer based survey. The high cost and long duration associated with OBS surveys stems from limitations on deployment and recovery speeds as well as the limited amount of equipment that can be deployed in one operation – which again

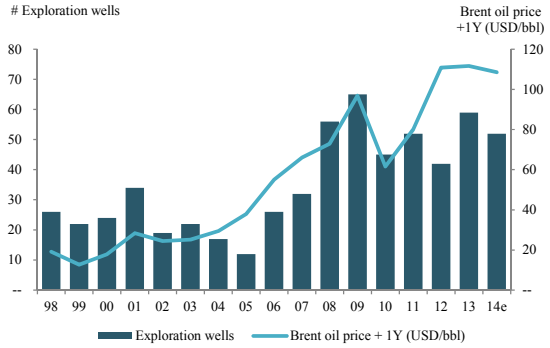
results in a significant amount of overlap shooting. For these reasons OBS has historically been used primarily for production or appraisal purposes in close vicinity to a producing field or discovery.

Spending on producing fields and fields under development has historically been less volatile and cyclical than exploration spending. Spending programs for producing and developing fields are typically longer-term investment decisions, which may be harder to unwind. The relatively lower risk associated with these programs compared with exploration programs make them less affected by cost saving measures by the oil companies. The difference in cyclicality may be observed when assessing the difference in the number of drilled development and exploration wells on the Norwegian Continental Shelf (NCS) relative to the oil price. Drilled development wells exert neither any apparent cyclicality nor a strong correlation to the oil price, while the drilled exploration wells have a strong correlation with the oil price (lagged one year).

Number of drilled development wells on NCS



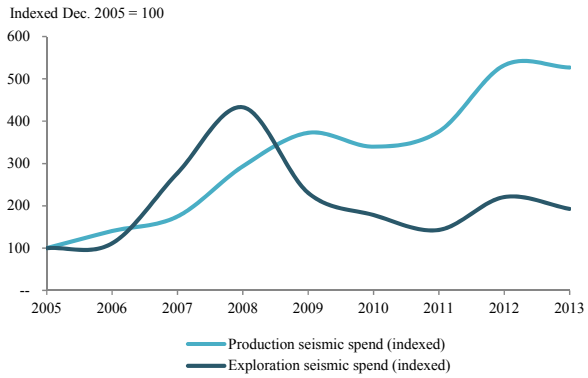
Number of drilled exploration wells on NCS



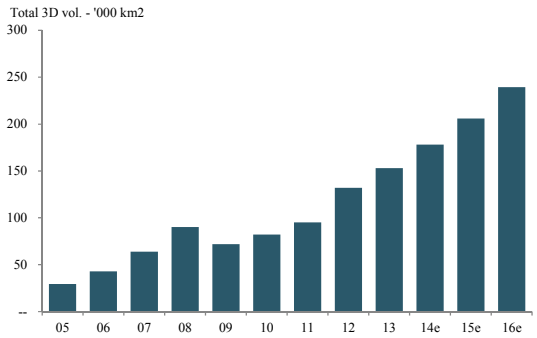
Source: NPD, 2014, Norsk sokkel i tall kart og figurer, http://npd.no/Tema/Ressursregnskap-og-analyser/Temaartikler/Norsk-sokkel-i-tall-kart-og-figurer, Pareto Securities AS

The picture above is further supported by the graph below which show the indexed historical spend on the NCS for exploration seismic and production seismic for producing fields.

Production vs. exploration spending on NCS



3D streamer production seismic



Source: SSB, 2014, free information received from SSB on request, Pareto Securities AS Source: PGS, 2012, December 2012 Capital Markets Day Presentation, http://pgs.com/Investor-relations/Presentations/

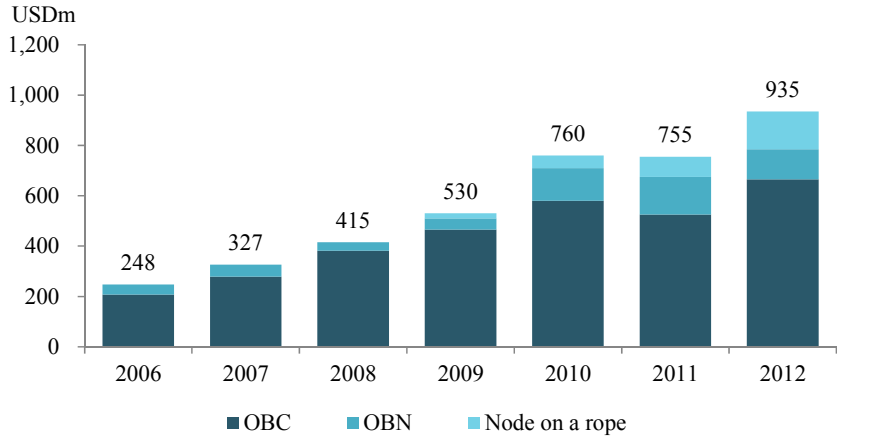
As efficiency is increased for OBS technologies and the cost correspondingly reduced the production seismic market is expected to represent a substantial market potential for OBS providers.

An additional indication of the stability in production seismic may be observed in the graph over to the right showing the historical and projected development of 3D streamer production seismic globally. There has been a steady increase since 2009 and the market is projected to continue to grow in the upcoming years.

8.1.6 Size of the OBS market

The graph below from ION Geophysical shows the development of the OBS market since 2006 split by sensor type. The OBS market has exerted a steady growth over the last 6-7 years. The compound annual growth rate between 2006 and 2012 has been 25%. Some five years back OBS was a marginal part of the overall seismic market, while it today represents approximately 13% of the marine market. In 2010 – 2011 the market flattened due to capacity constraints in the supply of available OBS crews. Another key observable tendency is the development of the "node on a rope" market. This market did practically not exist in 2008, but made up some USD 150 million in 2012, which represents more than 15% of the overall OBS market.

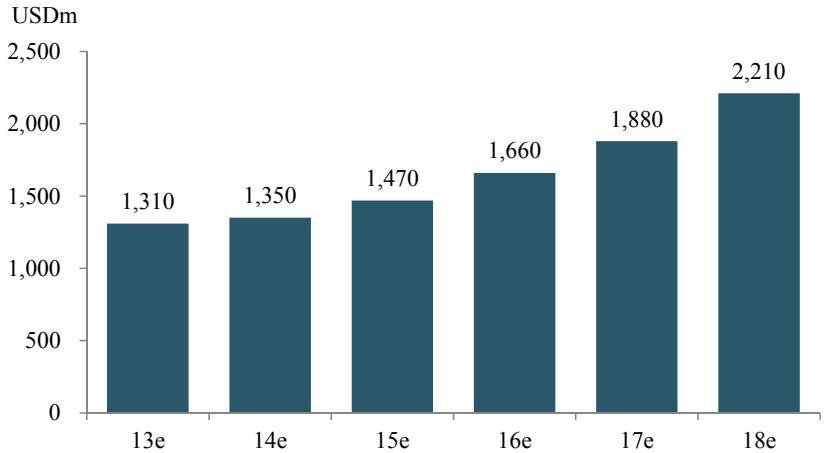
Historical OBS market



Source: ION Geophysical, Presentation at Pareto Securities' Oil & Offshore Conference, 2013, http://ir.iongeo.com/phoenix.zhtml?c=101545&p=irol-presentations

The OBS market is projected to grow steadily going forward and may experience the same development as the streamer market with the introduction of new technology seeking to increase the efficiency. This in combination with increasing survey sizes and OBS' exposure towards production seismic may drive the steady growth going forward. New technology holds the potential to significantly increase the daily seismic acquisition rate from today's approximate average of 2 square kilometers (depending on the survey configuration). This will allow faster and more cost efficient collection over potentially larger areas. These new methods and technologies may in addition also open up for more and more exploration-related OBS. The graph below shows the projected OBS market development, which estimates a compound annual growth rate between 2013 – 2018 of 11%.

OBS market projections



Source: Rystad Energy, OBSCube, version 01.12.2010, proprietary consultancy research, not public not free information

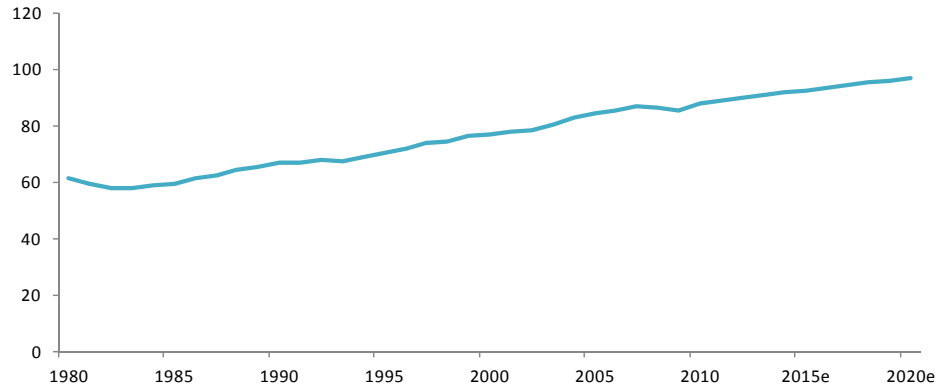
8.2 General market drivers

Historically, the seismic streamer market has been heavily dependent on oil market fundamentals. The growth projections above are on the assumptions that E&P spending will continue to be strong. This chapter will seek to set forth some of the underlying factors which may drive a continued high spending to ensure sufficient supply of oil and gas in the future.

8.2.1 Oil demand

Total global oil demand has been increasing steadily since 1983, only interrupted by two years of decline in 2008 and 2009. In 2010 the demand for oil increased by 3.1% reaching 88 mbd, according to IEA World Energy Outlook 2012. The total global demand has increased by about 1-2% per year since then and is expected to continue to grow at the same pace, corresponding to an average growth from 2011 to 2030 of 0.7-1.1 mbbl/day.

Global Oil Demand (million barrels per day)



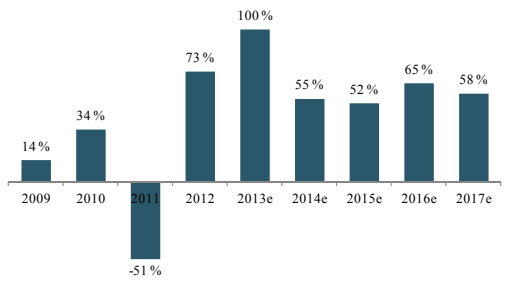
Source: IEA; EIA; OPEC; EXXON; BP. 2013-2030e is average of long term forecasts. Data available at: http://www.worldenergyoutlook.org/publications/weo-2013/ at a cost of EUR 120

The increase in global demand is solely driven by non-OECD countries, which offsets a decline in OECD demand. In its World Energy Outlook 2012, IEA projects an average annual growth of 1.0 mbd in non-OECD demand from 2011 to 2035, and a 0.3 mbd decline in OECD demand. Europe and the US demand declined by more than 0.5 mbd and 0.3 mbd in 2012, respectively. The decline rate now looks to slow down, especially in the US where demand has posted slight growth recently. The tendency of declining rates in Europe/US is expected to continue to slow down going forward, which could significantly boost the global growth rate from the 1.0 mbd seen in 2012.

Global oil production is also continuing to grow, but not from the markets which has been expected and not at the same pace as the demand growth. As seen in the charts below, total global production showed a growth of 1.7 mbd in 2012, of which 73% came from North American production, primarily onshore. Of the estimated global growth of 1.2 mbd in 2013, North America is expected to account for 100%, hence meeting all the growth in global oil demand.

Global production growth (y/y mbd)

North America's share of global growth (%)



Source: Pareto Securities Equity Research proprietary information and research, "Oil market outlook", 2014. Not public information

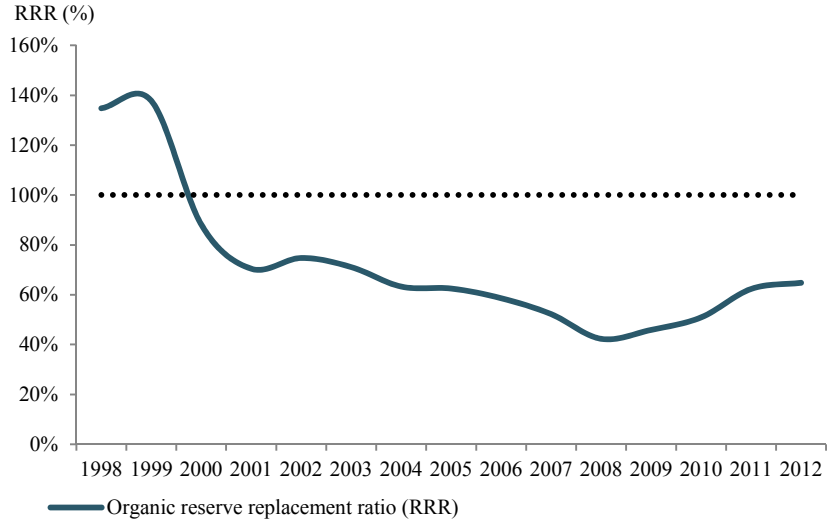
Source: Pareto Securities Pareto Securities Equity Research proprietary information and research, "Oil market outlook", 2014. Not public information

Over the next four years, US onshore is expected to remain the main driver of global production growth. However, the US onshore growth rate is expected to slow down, which contributes to a deceleration of global production growth through 2017.

8.2.2 Oil and gas supply

Oil companies are struggling to find new sources of supply to meet the growing demand. Their organic oil & gas reserve replacement ratio (RRR), which indicated how much of their production they are able to replace with new discoveries, has had a falling tendency the last fifteen years. The efforts required to find and produce new oil and gas from reservoirs have surged.

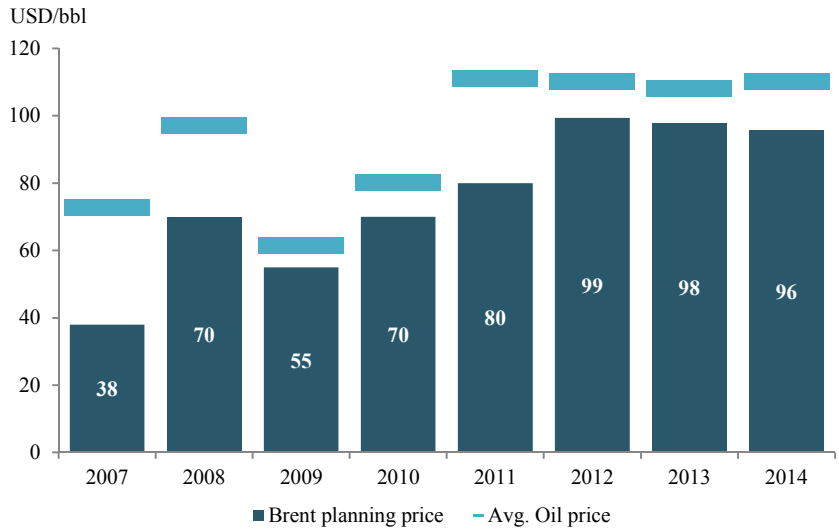
Development in reserve replacement ratio (RRR)



Source: Pareto Securities Equity Research proprietary information and research, "Pareto E&P Survey", 2013. Not public information

As a consequence of the increasing difficulty and complexity of replacing oil & gas reserves the marginal cost of producing one extra barrel of oil has increased. The graph below shows the development in planning price per barrel of oil globally. It has increased significantly from 2007 and appears to have stabilized around USD 100 per barrel.

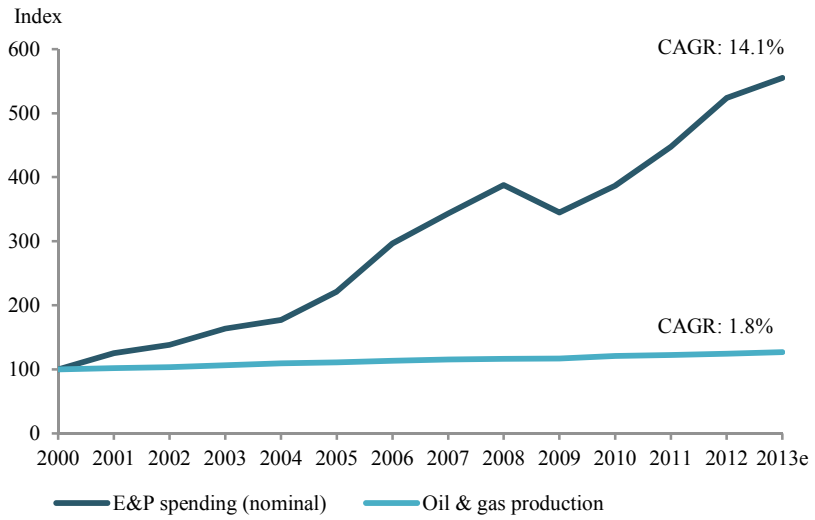
Development in brent planning price



Source: IEA, Pareto Securities Equity Research proprietary information and research, "Pareto E&P Survey", 2013. Not public information

The depleting RRR combined with an increasing planning price has led to a steady increase in the global E&P spending. When indexing the development in oil & gas production against the E&P spending is apparent that is more complex and costly to find and produce new oil and gas.

Development E&P spending and oil & gas production

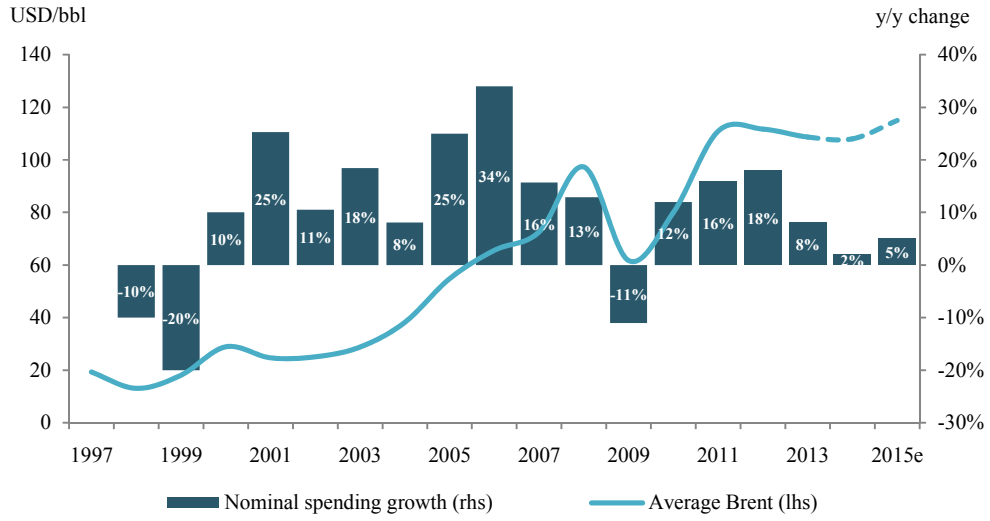


Source: IEA, Pareto Securities Equity Research proprietary information and research, "Pareto E&P Survey", 2013. Not public information

8.2.3 Projected global E&P spending

Oil prices (Brent) have traded in the USD 90/bbl to USD 130/bbl range the recent three years with yearly averages being stable around USD 110/bbl. This has been a supportive level for an increasing spending environment, where planning prices have increased from USD 70/bbl in 2010 to USD 98/bbl in 2013. As this level has approached actual spot prices, spending growth has moderated and for 2013 Pareto Securities is estimating an increase of 6% compared to the previous three year average of ~15%.

Development in E&P spending and average (brent) oil prices



Source: Pareto Securities Equity Research proprietary information and research, "Oil Services, Sector update and quarterly previews", 2014. Not public information

9 BOARD OF DIRECTORS, MANAGEMENT AND EMPLOYEES

9.1 Board of Directors

In accordance with Norwegian law, the Board of Directors is responsible for administering the Company's affairs and for ensuring that the Company's operations are organized in a satisfactory manner. The Board shall supervise the administration of the Company; thereunder supervise the Chief Executive Officer.

The members of the Board are elected by the general meeting of shareholders. The Company's Articles of Association provide that the Board of Directors shall have no fewer than 3 members and no more than 5 members. In accordance with Norwegian law, the CEO and at least half of the members of the Board must either be resident in Norway, or be citizens of and resident in an EU/EEA country.

Prior to the Listing, the Board consists of three members; Anders Farestveit (Chairman), Noralf Matre and Jan B Gateman.

At the extraordinary general meeting of the Company on 27 May 2014, the following were elected as a new Board of Directors with effect from the first day of Listing on Oslo Axess; Mari Thjømøe and Bettina Bachmann. The composition of the Board of Directors subsequent to the Listing is in accordance with the recommendation in the Norwegian Code of Practice for Corporate Governance dated October 23, 2012.

9.1.1 Board Members prior to the Listing

The names of the Board members of Magseis as of the date of this Prospectus are given in the table below.

Name	Director since	Current term expire	Business address
Anders Farestveit	2011	2014	Dicks vei 10B, 1366 Lysaker, Norway
Jan B. Gateman	2009	2014	Dicks vei 10B, 1366 Lysaker, Norway
Noralf Matre	2013	2014	Westcon Yards, 5582 Ølensvåg, Norway

The following provides a profile of the members of the Board as at the date of this Prospectus:

Anders Farestveit (M.Sc. in Geophysics, Chairman and Non-Executive Director)

Mr. Farestveit has 45 years' experience from the seismic and oil exploration industry. Mr. Farestveit founded GECO in 1972 and served as CEO until 1987 when Schlumberger acquired 50% of the company. He served as Working Chairman of Schlumberger Norge until 1999 when he retired. Mr. Farestveit was one of the founders of the seismic company Wavefield InSeis ASA which was listed at the Oslo Stock exchange in 2007. Wavefield Inseis was subsequently acquired by CGG in 2008. Mr. Farestveit has been recognized for his contribution to the seismic industry and has received several awards, as Honorary Doctor University of Bergen, Honorary member SEG and 1993 Oilman of the year by Society of Petroleum Engineers (SPE) International.

Noralf Matre (Non-Executive Director)

Mr. Matre has 40 years' of experience from the shipyard and offshore industries as CEO and in different senior management positions. Mr. Matre is one of three main shareholders and board member of Westcon Group and is presently chairman for Maritim Management AS which is Westcon Group's seismic ship operation company. As shipyard manager and ship owner Mr. Matre has been involved with all aspects of ship building and operation of ships. Mr. Matre is a College graduate from the University of Stavanger in 1973 within shipping economics.

Jan B Gateman (M.Sc. in Marine Geology, Executive Director and Senior Vice President)

Mr. Gateman has 30 years seismic industry experience, with particular focus on the Multi Client seismic business segment, and has held various senior management positions with companies such as Geco (1983-1987),

Nopec (1987-1993), Compagnie Generale de Geophysique (CGG) (1993-1998), GeoInnova, Inseis and Wavefield Inseis. Mr. Gateman was one of the persons pioneering the Multi Client 3D seismic industry in North West Europe and is also one of the founders of both GeoInnova and InSeis.

9.1.2 Board Members subsequent to the Listing

The names of the Board members of Magseis ASA as of the first day of Listing are given in the table below.

Name	Director since	Current term expire	Business address
Anders Farestveit	2011	2016	Dicks vei 10B, 1366 Lysaker, Norway
Jan B. Gateman	2009	2016	Dicks vei 10B, 1366 Lysaker, Norway
Noralf Matre	2013	2016	Westcon Yards, 5582 Ølensvåg, Norway
Mari Thjømøe	2014	2016	ThjømøeKranen AS, Myrhaugen 20, 0752 Oslo, Norway
Bettina Bachmann	2014	2016	Kessler Park 1, 2288 GS Rijswijk, The Netherlands

The following provides a profile of the members of the Board as of the first day of Listing:

Anders Farestveit (M.Sc. in Geophysics, Chairman and Non-Executive Director)

See description under section 9.1.

Noralf Matre (Non-Executive Director)

See description under section 9.1.

Jan B Gateman (M.Sc. in Marine Geology, Executive Director and Senior Vice President)

See description under section 9.1.

Mari Thjømøe (Non-Executive Director)

Ms. Thjømøe has more than 25 years of Norwegian business experience and has held senior management positions with companies such as Statoil ASA, KLP and Norwegian Property ASA. Ms. Thjømøe currently serves on the Board of several companies including Tryg A/S, AGR ASA, Sevan Marine ASA, Nordic Mining ASA, SINTEF, Argentum Investments AS and E-CO. Ms. Thjømøe is a Chartered Financial Analyst and has an MBA from the Norwegian school of Management – BI.

Bettina Bachmann (Non-Executive Director)

Ms. Bachmann has more than 30 years of experience from various management positions in Shell and currently holds the position as Vice President for Subsurface and Wells Software in Production and Technology. Ms. Bachmann started her career as an explorer covering geological fieldwork and designing seismic surveys. This was followed by a number of postings across the Middle East and Europe in various technical and leadership roles in exploration and production. Ms. Bachmann holds a Master of Science in geophysics from the ETH in Zurich.

9.1.3 Remuneration and benefits

The compensation for the members of the board of directors for their service as directors is determined on an annual basis by the shareholders of the Company at the annual general meetings of shareholders. The Directors have not received remuneration in the period 1 January 2010 – May 2014.

9.1.4 Directors' shareholding and options

The following of the Company's directors have direct or indirect ownership interests in the Company. The following table sets forth information concerning ownership of Shares, as of the date of this Prospectus, by each of the directors.

Name	Shares	Options
Anders Farestveit	3,605,460 (1)	160,000
Jan B. Gateman	3,515,780 (2)	160,000
Noralf Matre	5,001,920 (3)	0
Mari Tjømøe	0	0
Bettina Bachmann	0	0

[1]Indirect ownership through Anfar Invest AS and APM Invest AS
[2]Indirect ownership through Geo Innova AS
[3]Indirect ownership through Westcon Group AS

9.1.5 Loans and guarantees

The Company has no outstanding loans or guarantees to any member of the Board.

9.2 Management

9.2.1 Members of the Executive Management

Name	Position	Business address
Ivar Gimse	CEO	Dicks vei 10B, 1366 Lysaker, Norway
Mikkel Ektvedt	CFO	Dicks vei 10B, 1366 Lysaker, Norway
Jan B. Gateman	SVP Engineering	Dicks vei 10B, 1366 Lysaker, Norway

The following provides a profile of the members of the executive management of the Management Company as of the date of this Prospectus.

Ivar Gimse (M.Sc. in Geophysics, CEO)
Mr. Gimse has more than 25 years seismic industry experience, with particular focus on data processing, multi-client seismic project development, Ocean Bottom Cable operations and technical marketing. Ivar held various senior management positions with Geco (1983-1998) and PGS (1998-2006) before joining InSeis in 2006 as Vice President, Business Development.

Mikkel Ektvedt (BA in Business Administration, CFO)
Mr. Ektvedt has 15 years of experience from the investment banking and oil and gas industries. From 2000 to 2008 Mr. Ektvedt worked for the corporate finance division of SEB Enskilda in London and Oslo. From 2008 to 2010 Mr. Ektvedt worked for FLEX LNG as VP of corporate development. Prior to joining Magseis, Mr. Ektvedt spent six months as CFO of Bergen Oilfield Services. Mr. Ektvedt holds a Bachelor of Business Administration from Simon Fraser University in Canada.

Jan B Gateman (M.Sc. in Marine Geology, Executive Director and Senior Vice President)
Mr. Gateman has 30 years seismic industry experience, with particular focus on the Multi Client seismic business segment, and has held various senior management positions with companies such as Geco (1983-1987), Nopec (1987-1993), Compagnie Generale de Geophysique (CGG) (1993-1998), GeoInnova, Inseis and Wavefield Inseis. Mr. Gateman was one of the persons pioneering the Multi Client 3D seismic industry in North West Europe and is also one of the founders of both GeoInnova and InSeis.

Further from during the third quarter of 2014 the executive management team will be extended with Bjørn Jensen, who will take on the position as COO. Mr. Jensen holds a M.Sc. in Cybernetics and has more than 15 years of seismic industry experience. He has held a variety of positions with PGS during the period from 1995 – 2011, most recently as VP Operations where he had the global responsibility for all PGS marine seismic operations. During the period from 2012 – 2014 Mr. Jensen was Managing Director of iSurvey AS.

9.2.2 Executive shareholdings

As of the date of the Prospectus the members of the executive management of Magseis ASA hold/control the following Shares, warrants and options in Magseis ASA:

Manager	Position	Shares	Warrants	Options
Ivar Gimse [1]	CEO	904,280	0	250,000
Mikkel Ektvedt	CFO	0	0	266,580
Jan B. Gateman [2]	SVP Engineering	3,515,780	0	160,000

Details regarding the outstanding options can be found in section 13.2.

[1]Ownership through GNEIS AS and private investment

[2]Indirect ownership through Geo Innova AS

9.2.3 Remuneration and benefits

The salaries and other benefits paid to members of the executive management for the financial year ended 31 December 2013 are shown in the table below;

Figures in NOK thousands					
Manager	Date of Joining	Salary/consultancy fee	Pension	Benefits in Kind	Stock Options
Ivar Gimse	04.09.09	1,276	70	0	837
Mikkel Ektvedt	01.01.12	1,303	67	0	648
Jan B. Gateman	04.09.09	1,347	0	0	674

Ivar Gimse's contract has a notice period of three months and is entitled to three months basic pay from the expiry of the notice period.

Mikkel Ektvedt's contract has a notice period of three months.

Jan B. Gateman is engaged as an independent consultant as Senior Vice President. The contract has a lock-in period expiring at 18 December 2016.

Beside the above mentioned agreement with Mr. Gimse no other member of the executive management team or board members will receive any benefits upon termination of employment.

9.2.4 Loans and guarantees

As of the date of the Prospectus, the Group has no outstanding loans or guarantees to any member of the executive management.

9.3 Founders

Magseis ASA was founded in September 2009 by Ivar Gimse (CEO) and Jan B. Gateman (Executive Director and Senior Vice President). See section 9.1.1 for details.

9.4 Directorship, partnership and management positions

The tables below set forth the directorships, partnerships and/or management positions (apart from any such position of responsibility in the Company), the members of the Board and the Executive Management of the Company presently hold, and have held within the last five years preceding the date of this Prospectus. Please note that any directorships or partnerships held in any of the Company's subsidiaries are not included in the overview below.

Description	Current	Previous five years
Board		
Anders Farestveit	Apm Invest AS, Asker Hq Invest AS, Gamle Borgenvei AS, Loginvest AS, Loginvest Bergen AS, Loginvest Forus AS, Logistikk Nord AS and Anfar Invest AS	Wavefield Inseis, Compagnie Générale de Géophysique-Veritas and Grönersstiftelsen
Jan Bertil Gateman	Geo Innova AS	Geo Innova AS
Noralf Matre	Bjørkhaug Maritim AS, Grannesgt. 25 AS, Industriparken Skjervøy AS, Kvitbjørn AS, Magseis ASA, Maritim Research i AS, Matre i AS, Matre Invest AS, Sjøvest ANS, Westcon Eiendom AS, Westcon Group AS, Westcon Invest AS, Westcon Løfteteknikk AS, Westcon Yard AS, Maritim Management AS, Normar AS, North Crab AS, Ølen Dokk AS	Bjørkhaug Maritim AS, Grannesgt. 25 AS, Industriparken Skjervøy AS, Kvitbjørn AS, Magseis ASA, Maritim Research i AS, Matre i AS, Matre Invest AS, Sjøvest ANS, Westcon Eiendom AS, Westcon Group AS, Westcon Invest AS, Westcon Løfteteknikk AS, Westcon Yard AS, Maritim Management AS, Normar AS, North Crab AS, Ølen Dokk AS
Mari Thjømøe	AGR ASA, Nordic Mining ASA, Sintef, E-CO Energi AS, Tryg A/S, Sevan Marine ASA, Argentum AS, Seiilsport AS, ThjømøeKranen AS, Nordic Rutile AS	Norwegian Property ASA, Petoro AS, SinOceanic Shipping ASA, Oslo Stock Exchange ASA, Norgani Hotels AS, Alladin Oil ASA, Bank2 ASA
Bettina Bachmann	Swiss Shell Pension fund	Shell Technology Canada
Senior Management		
Ivar Gimse	Gneis AS, Magseis Operations AS	Gneis AS
Mikkel Ektvedt	Black Tusk AS, Enkeltmannsforetaket – Mikkel Ektvedt , Magseis Operations AS	Bos Atlantic AS, Bos Angler AS, Bos Angler Holding AS and Bos Arctic AS
Jan B. Gateman	Geo Innova AS	Geo Innova AS

9.5 Employees

As of 31 March 2014, the Group had 58 full time employees (70 including full time contractors). The table below illustrates the development in number of employees over the last two years, as per the end of each calendar year for 2011, 2012 and 2013.

	2014	2013	2012	2011
Staff position	58	55	6	2
Contractors/secondees	12	13	6	2
Total	**70**	**68**	**12**	**4**

The table below illustrates the development in number of employees and contractors by geography area.

	2014	2013	2012	2011
Oslo, Norway	13	12	5	2
Bergen, Norway	14	14	6	2
Stockholm , Sweden	8	7	1	0
Offshore	35	35	0	0
Total	**70**	**68**	**12**	**4**

9.5.1 Employee Remuneration

The table below shows the salaries for all staff in 2013 - 2011. For management remuneration, refer to section 9.2.3.

	Year ended 31 December		
in thousands of NOK	**2013**	**2012**	**2011**
Salary	9,955	4,654	286
Social security tax	2,299	785	42
Pension	889	296	17
Equity-settled share-based payment transactions	5,362	815	0
Other payments	260	653	31
Total	**18,765**	**7,203**	**376**

9.5.2 Employee Incentive schemes

The Company has a share option employee incentive program that entitles key management personnel and employees to purchase shares in the Company. In accordance with this program options are exercisable at the market prices of the share at the date of the grant and all options are equity settled.

9.5.3 Pensions

Magseis is required to have an occupational pension scheme in accordance with the Norwegian Act on Required Occupational Pension ("lov om obligatorisk tjenestepensjon"). The Group has established a defined contribution pension plan for all employees and the plan is funded through an insurance company. The Group's pension plan defines the amount of pension that an employee will receive upon retirement, usually dependent on one or more factors such as age, years of service and compensation. The Group has no legal or constructive obligations to pay future contributions if the fund does not hold sufficient assets to pay all employees the benefit relating to the employee service in the current and prior periods. The total amounts accrued by the Company to provide pension benefits for its employees are shown in section 9.5.1.

9.5.4 Statement from the Board of Directors and the Executive Management

Member of the management team CFO Mr. Ektvedt acted as Director of Bos Angler AS, Bos Angler Holding AS and Bos Arctic AS when they filed for bankruptcy in the period between May and October 2011. At the time Bos Angler AS, Bos Angler Holding AS and Bos Arctic AS were unsuccessful in securing further financing of their business and were therefore unable to fulfil their payment obligations to their creditors. As a consequence Bos Angler AS, Bos Angler Holding AS and Bos Arctic AS were forced to file for bankruptcy.

Other than as mentioned above, no member of the Board of Directors (as of first day of Listing) 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 capacity as a founder, director or senior manager of a company

9.6 Board practices and corporate governance compliance

The Company from the first day following the Listing the Company will comply with the Norwegian Code of Practice for Corporate Governance dated October 23, 2012 (the "Code"), except from the recommendation no. 8. Given the small size of the Company and its administration, the Board of Directors has not deemed it efficient to establish a remuneration committee for the time being. The Company is not obliged to establish an audit committee.

9.7 Conflicts of Interest

Reference is made to the description of material contracts with Westcon as set out in 7.11 In February 2013 Westcon became the largest shareholder of Magseis after joining the private placement set out in December 2012. At the date of this prospectus Westcon owned 5,001,920 shares in the Company corresponding to 19.1% of the outstanding share capital. Westcon's position as an owner and a business relation may pose a potential conflict of interest.

Except as set out above, there are, to the Company's knowledge, no potential conflicts of interests between any duties to the issuer, of the members of the Board or the senior management, and their private interests and or other duties. There are no family relations between any of the members of the Board of Directors or members of Management.

9.8 Related party transactions

Geo Innova As and Gneis AS, which are entities controlled by Mr. Gateman (SVP) and Mr. Gimse (CEO), transacted with the Company in the periods ended 31 December 2012 and 2011. Mr. Gimse was employed by the Company 1 January 2013 while Mr. Gateman is currently engaged as an independent contractor (Senior Vice President) and transacted with the Company in 2013 and 2014. The terms and conditions of the transactions with management persons and their related parties were no more favorable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis. Value and description of the services provided is explained below:

The aggregate value of transactions and outstanding balances related to key management personal and entities over which they have control or significant influence were as follows:

in thousands of NOK	Three months ended 31 March		Year ended 31 December		
Transaction value					
Name	**2014**	**2013**	**2013**	**2012**	**2011**
I Gimse	0	0	0	1,268	1,577
J B Gateman	288	288	1,347	1,279	1,521
N Matre [1] /Westcon Group (yard services)	303	281	1,953	0	0
N Matre [1] /Westcon Group (leases)	27,876	0	25,750	0	0
Total	**28,467**	**569**	**29,050**	**2,547**	**3,098**
Balance outstanding					
Name					
I Gimse	0	0	0	443	357
J B Gateman	360	360	390	357	356
N Matre/Westcon Group	9,499	351	9,121	0	0
Total	**9,859**	**711**	**9,511**	**800**	**713**

[1] *N Matre is Westcon Group's representative on the Board of Directors of Magseis ASA. No transactions have been made directly between N Matre and Magseis.*

In December 2012 Westcon Group AS ("Westcon") became the largest shareholder of Magseis ASA through participating in a private placement to finance the Company's first crew. At the same time the Company entered into an agreement with Westcon regarding marine brokerage and related services as set forth in section 7.11. During October 2013, Westcon and Magseis entered into a 5.25 year TC agreement for the vessel Artemis Athene. The parties also engaged in a sale and leaseback agreement for parts of the Company's seismic equipment. As of the date of this Prospectus, Westcon owned 5,001,920 shares in the Company corresponding to 19.1% of the outstanding share capital. The terms and conditions of the transactions with Westcon are no more favorable than those available, or which might reasonably be expected to be available, on similar transactions to non- related entities on an arm's length basis.

9.9 Nomination Committee

At the extraordinary general meeting held 27 May 2014, a Nomination Committee was established with Anders Farestveit (chairperson) and Jacob Bleie as members. The Nomination Committee's main tasks are to give the general meeting its recommendations regarding (i) the election of board members to be elected by the shareholders, (ii) remuneration to the board members, (iii) the election of members of the nomination committee; and (iv) the remuneration of the nomination committee. The Nomination Committee will be effective as from the first day of listing. The term of service will be two years unless otherwise decided by the general meeting.

10 SELECTED OPERATING AND FINANCIAL INFORMATION

You should read the following discussion of the financial condition and results of operations in conjunction with the financial information included in this Prospectus.

10.1 Basis for preparation

The audited consolidated financial statements of Magseis for the financial year 2013, 2012 and 2011 have been prepared in accordance with IFRS and IFRS Interpretations Committee ("IFRIC") interpretations, as approved by the EU. The unaudited condensed consolidated financial information for the interim period ended 31 March 2014, with comparable figures for the interim period ended 31 March 2013, have been prepared in accordance with International Financial Reporting Standard IAS 34 Interim Financial Reporting. Going forward, the financial reporting of the Magseis will continue to be prepared on a basis consistent with IFRS.

IFRS have been applied as the accounting principles for Magseis with effect from 1 January 2012. The Annual Reports for Magseis until 2012 have been presented according to the Norwegian Financial Reporting Act and Norwegian Generally Accepted Accounting Principles ("NGAAP"). In the Annual Report for 2012 the conversion from NGAAP to IFRS and an explanation for the transition is described and according to IFRS 1 a presentation of a reconciliation demonstrating the difference between the initially reported 2011 and 2010 figures according to NGAAP and figures prepared according to IFRS is disclosed in Note 22 of the 2012 Annual Report.

The historical consolidated financial information included in Section 10.3 "Consolidated historical financial information" have been derived from the Magseis' audited consolidated financial statements for 2013, 2012 and 2011 ("Audited Consolidated Financial Statements") and the unaudited consolidated financial information as at 31 March 2014 with comparable figures for the interim period ended 31 March 2013 (Unaudited Interim Financial Information). The consolidated financial statements for 2013, 2012 and 2011, and for the interim period ended 31 March 2014, with comparable figures for the interim period ended 31 March 2013, are incorporated in this Prospectus by reference, please see Section 17.2 "Incorporated by Reference" in this Prospectus for link.

10.2 Accounting principles

Please refer to note 2.4 to the financial statements for 2013 for full summary of Magseis's summary of significant accounting policies. Please see Section 17.2 "Incorporated by Reference" in this Prospectus for link to the Group's significant accounting policies.

10.3 Consolidated historical financial information

As described in section 10.1, the following tables, present data extracted from Audited Consolidated Financial Statements and Unaudited Interim Financial Information. The tables should be read in conjunction with the financial statements as incorporated by reference in this Prospectus (see Section 17.2).

10.3.1 Selected Income Statement Information

The table below sets out a summary of financial information extracted from Magseis' unaudited consolidated income statement information for the three months ended 31 March 2014 and 2013, and the Magseis' audited consolidated income statement information for the years ended 31 December 2013, 2012 and 2011.

	Three months ended 31 March		Year ended 31 December		
in thousands of NOK	**2014**	**2013**	**2013**	**2012**	**2011**
REVENUE AND OTHER INCOME					
Sales revenue	84,413	0	74,128	3,000	932
Other income	0	0	0	0	0
Total revenue and other income	**84,413**	**0**	**74,128**	**3,000**	**932**
OPERATING EXPENSES					
Cost of sales	55,800	0	59,868	1,870	1,502
Research and development expenses	1,339	437	8,243	7,959	12,491
Selling, general and administrative costs	14,844	2,888	46,435	5,690	846
Depreciation and amortisation	11,200	247	11,968	430	9
Total operating expenses	**83,183**	**3,572**	**126,514**	**15,949**	**14,848**
OPERATING PROFIT (LOSS)	**1,230**	**-3,572**	**-52,386**	**-12,949**	**-13,916**
FINANCIAL INCOME AND EXPENSES					
Finance income	1,964	1,874	3,803	1,187	225
Finance costs	1,226	291	3,227	269	4
Net finance costs	**738**	**1,583**	**576**	**918**	**221**
NET PROFIT (LOSS) BEFORE TAX	**1,968**	**-1,989**	**-51,810**	**-12,031**	**-13,695**
Income tax expense	0	0	0	0	0
NET PROFIT (LOSS)	**1,968**	**-1,989**	**-51,810**	**-12,031**	**-13,695**
Basic earnings (loss) per share (*in NOK*)	1.87	-1.89	-49.19	-33.67	-77.79
Diluted earnings (loss) per share (*in NOK*)	1.74	-1.89	-49.19	-33.67	-77.79
OTHER COMPREHENSIVE INCOME					
Other comprehensive income (loss) for the period	0	0	0	0	0
Total comprehensive income (loss) for the period, attributable to Owners of the Company	**1,968**	**-1,989**	**-51,810**	**-12,031**	**-13,695**

10.3.2 Selected Consolidated balance sheet

The table below sets out a summary of financial information extracted from Magseis' unaudited consolidated balance sheet information as of 31 March 2014 and 2013, and the Magseis' audited consolidated balance sheet information as of 31 December 2013, 2012 and 2011.

	Three months ended 31 March		Year ended 31 December		
in thousands of NOK	**2014**	**2013**	**2013**	**2012**	**2011**
ASSETS					
Current assets					
Cash and cash equivalents	44,929	205,422	41,780	257,645	6,894
Trade receivables	32,060	0	55,973	0	915
Other current assets	37,858	48,994	18,540	17,787	3,560
Total current assets	**114,847**	**254,416**	**116,293**	**275,432**	**11,369**
Non-current assets					
Equipment	224,757	60,149	227,182	41,456	57
Intangible assets	14,056	13,075	13,412	12,168	0
Total non-current assets	**238,813**	**73,224**	**240,594**	**53,624**	**57**
TOTAL ASSETS	**353,660**	**327,640**	**356,887**	**329,056**	**11,426**
EQUITY AND LIABILITIES					
Shareholders' equity					
Share capital	1,053	1,053	1,053	1,053	234
Share premium	338,504	338,504	338,504	338,504	20,818
Other equity	7,898	1,347	6,177	815	0
Retained earnings	-74,984	-27,130	-76,951	-25,141	-13,110
Total equity attributable to equity holders of the Company	**272,471**	**313,774**	**268,783**	**315,231**	**7,942**
TOTAL EQUITY	**272,471**	**313,774**	**268,783**	**315,231**	**7,942**
LIABILITIES					
Non-current liabilities					
Obligation under finance lease	19,880	0	21,298	0	0
Other non-current financial liabilities	10,397	0	11,357	0	0
Total non-current liabilities	**30,277**	**0**	**32,655**	**0**	**0**
Current liabilities					
Trade payables	16,526	9,364	26,372	10,260	2,459
Current tax payable	0	208	208	208	208
Current portion of obligation under finance lease	4,212	0	4,170	0	0
Other current liabilities	30,174	4,294	24,699	3,357	817
Total current liabilities	**50,912**	**13,866**	**55,449**	**13,825**	**3,484**
TOTAL LIABILITIES	**81,189**	**13,866**	**88,104**	**13,825**	**3,484**
TOTAL EQUITY AND LIABILITES	**353,660**	**327,640**	**356,887**	**329,056**	**11,426**

10.3.3 Selected Consolidated Cash flow statements

The table below sets out a summary of financial information extracted from Magseis' unaudited consolidated cash flow information for the three months ended 31 March 2014 and 2013, and the Magseis' audited consolidated cash flow information for the years ended 31 December 2013, 2012 and 2011.

	Three months ended 31 March		Year ended 31 December		
in thousands of NOK	**2014**	**2013**	**2013**	**2012**	**2011**
Cash flows from operating activities					
Profit / (Loss) before tax	1,967	-1,989	-51,810	-12,031	-13,695
Adjustment for:					
Depreciation and amortisation	11,200	247	11,968	430	9
Deferred lease discount amortisation	-680	0	13,509	0	0
Deferred steaming costs	-779	0	0	0	0
Share based payments expense	1,720	532	5,362	815	0
Interest expense	685	8	689	40	0
Interest income	-290	-1,874	-3,691	-925	-221
Revaluation of foreign currency exchange	-591	0	441	0	0
Working capital adjustments:					
(Increase) / decrease in current assets	5,373	1,815	-56,725	-13,313	-3,157
Increase / (decrease) in trade and other payables and accruals	-12,469	2,161	22,687	1,313	1,375
	-7,096	3,976	-34,038	-12,000	-1,782
Income taxes paid	-208	0	0	0	0
Net cash from operating activities	**5,928**	**900**	**-57,570**	**-23,671**	**-15,689**
Cash flows from investing activities					
Interest received	290	1,874	3,691	925	221
Acquisition of equipment	-44	-54,989	-184,457	-32,801	-66
Payments for capitalised development and intangibles	-1,350	0	-1,951	-12,168	0
Net cash used in investing activities	**-1,104**	**-53,115**	**-182,717**	**-44,044**	**155**
Cash flows from financing activities					
Procceds from loan	0	0	0	25,000	0
Proceeds from sale and leaseback	0	0	25,000	0	0
Payment of finance lease obligation	-990	0	-334	0	0
Proceeds from issuance of ordinary shares	0	0	0	295,221	20,450
Transaction costs on issue of shares	0	0	0	-1,715	0
Interest paid	-685	-8	-244	-40	0
Net cash from financing activities	**-1,675**	**-8**	**24,422**	**318,466**	**20,450**
Net decrease in cash and cash equivalents	3,149	-52,223	-215,865	250,751	4,916
Cash and cash equivalents at beginning of period	41,780	257,645	257,645	6,894	1,978
Cash and cash equivalents at end of period	**44,929**	**205,422**	**41,780**	**257,645**	6,894

10.3.4 Selected Consolidated statement of Changes in Equity

The table below sets out a summary of financial information extracted from Magseis' audited changes in equity information for the years ended 31 December 2013, 2012 and 2011, and the Magseis' unaudited changes in equity information for the three months ended 31 March 2014 and 2013.

in thousands of NOK	Share capital	Share premium reserve	Share based payments reserve	Retained earnings	Total
Balance at 1 January 2011	**102**	**500**	**0**	**584**	**1,186**
Profit / (loss) for the period	0	0	0	-13,695	-13,695
Other comprehensive income	0	0	0	0	0
Total comprehensive income for the period	0	0	0	-13,695	-13,695
Issue of share capital	132	20,318	0	0	20,450
Balance at 31 December 2011	**234**	**20,818**	**0**	**-13,110**	**7,942**
Balance at 1 January 2012	**234**	**20,818**	**0**	**-13,110**	**7,942**
Profit / (loss) for the period	0	0	0	-12,031	-12,031
Other comprehensive income	0	0	0	0	0
Total comprehensive income for the period	0	0	0	-12,031	-12,031
Transaction costs on issue of shares	0	-13,537	0	0	-13,537
Employee stock options	0	0	815	0	815
Issue of share capital	819	331,223	0	0	332,042
Balance at 31 December 2012	**1,053**	**338,504**	**815**	**-25,141**	**315,231**
Balance at 1 January 2013	**1,053**	**338,504**	**815**	**-25,141**	**315,231**
Profit / (loss) for the period	0	0	0	-51,810	-51,810
Other comprehensive income	0	0	0	0	0
Total comprehensive income for the period	0	0	0	-51,810	-51,810
Employee stock option	0	0	5,362	0	5,362
Balance at 31 December 2013	**1,053**	**338,504**	**6,177**	**-76,951**	**268,783**
Balance at 1 January 2013	**1,053**	**338,504**	**815**	**-25,141**	**315,231**
Profit / (loss) for the period	0	0	0	-1,989	-1,989
Other comprehensive income	0	0	0	0	0
Total comprehensive income for the period	0	0	0	-1,989	-1,989
Employee stock option	0	0	532	0	532
Balance at 31 March 2013	**1,053**	**338,504**	**1,347**	**-27,130**	**313,774**
Balance at 1 January 2014	**1,053**	**338,504**	**6,177**	**-76,951**	**268,783**
Profit / (loss) for the period	0	0	0	1,967	1,967
Other comprehensive income	0	0	0	0	0
Total comprehensive income for the period	0	0	0	1,967	1,967
Employee stock options	0	0	1,720	0	1,720
Balance at 31 March 2014	**1,053**	**338,504**	**7,898**	**-74,984**	**272,471**

10.3.5 Significant changes in financial trading position after 31 March 2014

Beside the proceeds from the new shares issued in connection with the private placement completed in April 2014 and the issue of a convertible loan with Shell, Magseis is not aware of any significant changes in the

financial or trading position of Magseis which has occurred since 31 March 2014. Refer to section 12.9 for further details regarding the private placement and the convertible loan.

10.4 Segment information

The Magseis is operating in one segment being geophysical surveys with respect to products and services. Accordingly, all significant operating decisions are based upon analysis of Magseis as one segment. The financial results from this segment are equivalent to the financial statements of Magseis as whole.

10.5 Key financial figures

	Q1 2014	Q1 2013	2013	2012	2011
Operating revenues (NOK thousand)	**84,413**	**0**	**74,128**	**3,000**	**932**
Earnings before Interest, Taxes, Depreciation and Amortization (NOK thousand)	**12,430**	**-3,325**	**-40,418**	**-12,519**	**-13,907**
Net income (NOK thousand)	**1,968**	**-1,989**	**-51,810**	**-12,031**	**-13,695**
Book equity (end of period) (NOK thousand)	**272,471**	**313,774**	**268,783**	**315,230**	**7,942**
Earnings per share (adjusted for split)	**0.09**	**-0.09**	**-2.46**	**-1.68**	**-3.89**
Diluted earnings per share (adjusted for split)	**0.09**	**-0.09**	**-2.46**	**-1.68**	**-3.89**
Book equity per share (end of period) (adjusted for split)	**12.93**	**14.89**	**12.76**	**14.96**	**1.70**
Equity ratio (%) end of period	**77.04**	**95.77**	**75.31**	**95.80**	**69.50**
Annualized return on equity (%)	**0.72**	**-0.63**	**-19.28**	**-3.82**	**-172.45**
Number of employees	**58**	**12**	**55**	**6**	**2**
Dividend per share	**0**	**0**	**0**	**0**	**0**

Definitions of financial key figures:

Book equity per share:	Book equity / Number of shares at period end
Basic earnings per share:	Profit/loss of the year / Weighted average number of ordinary shares
Diluted earnings per share	Profit/loss of the year / Weighted average number of fully diluted shares
Equity ratio:	Book equity at period end / Total assets at period end
Annualized return on equity:	Profit/loss after taxes / Book equity at period end

10.6 Statutory Auditors

The Company's auditor is KPMG AS ("KPMG") whose address is Sørkedalsveien 6, 0306 Oslo, Norway. Partners in KPMG are members of the Norwegian Institute of Public Accountants ("Den Norske Revisorforening").

KPMG has audited the Company and consolidated financial statements for 2013 and the Company financial statements for 2012 and 2011 that were prepared under IFRS. The audit reports thereon were unqualified. KPMG has also conducted a review in accordance with ISRE 2410 on the Company's condensed consolidated financial information as of 31 March 2014 with comparable information for the period ended 31 March 2013 that

were prepared in accordance IAS 34, Interim Financial Reporting. The independent accountants review report was unmodified.

The financial statements and related reports from KPMG referred to above are incorporated by reference into this prospectus as discussed in section 17.2.

11 OPERATING AND FINANCIAL REVIEW

You should read the following discussion of the financial condition and results of operations in conjunction with the financial information included in this Prospectus. The following discussion may contain forward-looking statements that are based on current assumptions and estimates by the Magseis' management regarding future events and circumstances. Magseis' actual results could differ materially from those expressed or implied by the forward-looking statements as a result of many factors, including those described in Section 2 "Risk factors".

11.1 Consolidated financial results– Q1 2014 compared to Q4 2013 and the full year 2013

Total revenues for Q1 2014 was NOK 84.4 million compared to NOK 74.1 million in Q4 2013 (full year 2013: NOK 74.1 million). The revenue resulted from OBS acquisition work conducted for Statoil on the Albatross and Snøhvit fields as well as for Talisman Energy on the Varg field in Q1 2014. The quarterly increase in revenue was due to improved operational performance and slightly higher number of on contract days.

Operating expenses for Q1 2014 were NOK 83.2 million compared to NOK 89.6 million in Q4 2013 (full year 2013: NOK 126.5 million). The decrease in operating expenses in Q1 2014 resulted primarily to the lower cost of sales of NOK 4.1 million from one-off reductions due to significant amount of vessel standby experienced during the quarter and reduction of NOK 2.3 million in research and development costs as Magseis focus's moved to operations.

Net finance income for Q1 2014 was NOK 0.7 million compared to a net finance cost of NOK 1.6 million in Q4 2013 (full Year 2013: net finance income NOK 0.6 million). Net finance income increased primarily from the weakening of the USD resulting in finance gains in the revaluation of the USD based finance lease and operating expenses.

Total assets as at 31 March 2014 were NOK 353.7 million compared to NOK 356.9 million as at 31 December 2013. The principal change in assets was the result of offsetting effects. Trade receivables and other current assets decreased by NOK 4.6 million due to lower revenue at the end of Q1 2014 compared with Q4 2013. Cash and cash equivalents increased by NOK 3.1 million associated with the operating profit.

Total liabilities as at 31 March 2014 were NOK 81.2 million compared to NOK 88.1 million as at 31 December 2013. The difference related primarily to reduction in trade payables of NOK 9.9 million which were partly offset by increase in accruals of NOK 5.0 million due to lower operating expenses in Q1 2014 compared with Q4 2013.

As described in section 8.2 the main factors which materially can affect Magseis' operations is indirectly the development in underlying demand for oil and gas related products and the corresponding development in prices for oil and gas products. Further, Magseis is directly exposed to the exploration and production companies' spending levels and in particular spending targeted at seismic products and services.

11.2 Consolidated financial results– 2013 compared to 2012

Total revenues in 2013 were NOK 74.1 million compared to NOK 3.0 million in 2012. The revenue resulted from OBS acquisition work conducted for Statoil on the Albatross and Snøhvit fields in 2013. The significant

increase in 2013 was primarily related to start of OBS operations in Q4 2013 while 2012 revenue related to a paid offshore test of Magseis' proprietary MASS OBS system.

Operating expenses in 2013 were NOK 126.5 million compared to NOK 15.9 million in 2012. The increase in operating expenses resulted primarily from the increase in cost of sales of NOK 58.0 million as Magseis started OBS operations. Selling, general and administrative costs increased by NOK 40.7 million as Magseis continued to build up its organization.

Total assets as at 31 December 2013 were NOK 356.9 million compared to NOK 329.1 million as at 31 December 2012. The principal change in assets was the result of offsetting effects. Equipment increased by NOK 185.7 million as Magseis ramped up and completed its proprietary MASS OBS system. Trade receivables increased by 56.0 million through first revenues from OBS operations. Cash and cash equivalents decreased by NOK 215.9 million to finance the proprietary MASS OBS equipment and the start of operations.

Total equity as at 31 December 2013 was NOK 268.8 million compared to NOK 315.2 million as at 31 December 2012. The difference being related to the loss of NOK 51.8 million and the share options issued of NOK 5.4 million.

Total liabilities as at 31 December 2013 were NOK 88.1 million compared to NOK 13.8 million as at 31 December 2012. The difference is made up of NOK 39.6 million due to new finance lease and deferred time charter operating lease discount as well as NOK 32.1 million due to increase in trade payables and accruals as Magseis continued to build up its organization and OBS proprietary equipment.

11.3 Consolidated financial results – 2012 compared to 2011

Total revenues in 2012 were NOK 3.0 million compared to NOK 0.9 million in 2011. The revenue related to a paid offshore test of Magseis' propriety MASS OBS system while in 2011 related to geophysical consultancy services.

The loss after tax in 2012 was NOK 12.0 million compared to NOK 13.7 million in 2011. The loss results primarily from work related to the further development and testing of Magseis' proprietary MASS system as well as costs related to the gradual development of the organization.

Total assets as at 31 December 2012 were NOK 329.1 million compared to NOK 11.4 million as at 31 December 2011. The difference related to increase in equipment of NOK 41.4 million as Magseis began developing its proprietary MASS OBS system and an increase in cash and cash equivalents of NOK 250.7 million through a large issuance of shares.

Total equity as at 31 December 2012 was NOK 315.2 million compared to NOK 7.9 million as at 31 December 2011. The difference primarily being the issuance of shares which resulted in NOK 318.5 million of new capital, but was offset by a loss in retained earnings of NOK 12.0 million.

Total liabilities as at 31 December 2012 were NOK 13.8 million compared to NOK 3.5 million as at 31 December 2011. The difference resulted primarily due to increase in trade payables and accruals of NOK 9.5 million during the gradual development of the organization.

12 LIQUIDITY AND CAPITAL RESOURCES

The information below is derived from the consolidated historical information as presented in Section 10.3 "Consolidated historical financial information" and in Section 17.2 "Interim report for the quarter and year ended 31 December 2013".

12.1 Cash flow – Q1 2014 compared to Q4 2013

Magseis had net cash inflows from operating activities of NOK 5.9 million in Q1 2014, compared to cash outflows of NOK 57.6 million in Q4 2013. The large decrease in cash outflow resulted from increased net profit of NOK 53.8 million offset by non-cash items of NOK 20.5 million which resulted from a reduction in options and deferred costs. Cash outflows were also reduced by working capital adjustments of NOK 23.9 million through reduction in trade receivables due to lower revenue at the end of Q1 2014 compared with Q4 2013.

Cash outflows from investing activities were NOK 1.1 million in Q1 2014 compared to cash outflows of NOK 182.7 million in Q4 2013. The cash flow from investing activities consists primarily of investments in the acquisition of equipment and development of Magseis' proprietary MASS OBS system. The large decrease in cash outflow was due to moving from the development into the operational phase of the MASS system resulting in decrease of NOK 184.2 million in equipment cash outflows.

The cash outflows from financing activities were NOK 1.7 million in Q1 2014, compared to cash inflows of NOK 24.4 million in Q4 2013. The large change was due to Magseis only having cash outflows in Q1 2014 through finance lease and interest installments while in Q4 2013 Magseis had a cash inflow of NOK 25.0 million through the sale of equipment.

12.2 Cash flow – 2013 compared to 2012

In 2013, cash outflows from operating activities amounted to NOK 57.6 million compared to cash outflows of NOK 23.7 million in 2012. The change in cash outflows was due to offsetting effect. There was an increas in net loss of NOK 39.8 million through higher operating expenses as Magseis began its first OBS operations in Q4 2013 which was offset by non-cash items of NOK 30.1 million through increases in depreciation, amortization, options and deferred costs in 2013 compared to 2012. Cash outflows were also increased by working capital adjustments of NOK 22.0 million mainly through increased trade receivables as large portions of revenues from OBS in Q4 2013 were outstanding at yearend 2013.

Magseis' net outflow from investing activities was NOK 182.7 million in 2013 compared to cash outflow of NOK 44.0 million in 2012. This increase in cash outflow resulted primarily from the increased expenditure in equipment and intangibles of NOK 141.4 million through finalizing the development of the Magseis' proprietary MASS OBS system and preparing Artemis Athene for operations.

The net cash inflow from financing activities was NOK 24.4 million in 2013 compared to NOK 318.5 million in 2012. In 2013, the cash inflows related primarily to a sale and leaseback transaction for parts of Magseis' seismic equipment (treated as finance lease) of NOK 24.7 million. In 2012, the cash inflow resulted primarily from proceeds of a NOK 295.2 million share issuance and a NOK 25.0 million shareholder loan.

12.3 Cash flow – 2012 compared to 2011

Magseis had net cash outflows from operating activities of NOK 23.7 million in 2012, compared to cash outflows of NOK 15.7 million in 2011. The increase in cash outflow resulted primarily from increase in other current receivables of NOK 9.3 million mainly from an Innovation Norway grant.

Cash outflows from investing activities were NOK 44.0 million in 2012 compared to cash inflows of NOK 0.2 million in 2011. The large increase in cash outflows in 2012 resulted primarily from the acquisition of equipment and development of Magseis' proprietary MASS system of NOK 45 million.

Net cash inflows from financing were NOK 318.5 million in 2012 compared to cash inflows of NOK 20.5 million in 2011. In 2012, the cash inflows resulted primarily from proceeds of a NOK 295.2 million share issuance and a NOK 25.0 million shareholder loan. In 2011, cash inflows resulted from a NOK 20.5 million share issuance.

12.4 Working capital statement

As of the date of this Prospectus, the Company is of the opinion that Magseis' working capital is sufficient for its present requirements and, in particular, is sufficient for at least the next twelve months from the date of this Prospectus.

12.4.1 Key ratios

The table below sets forth some consolidated key ratios for Magseis as of 31 March 2014 and 2013, and 31 December 2013, 2012 and 2011.

Key ratios	Q1 2014	Q1 2013	2013	2012	2011
Working capital ratio[1]	**2.26**	**18.35**	**2.10**	**19.92**	**3.26**
Debt to equity ratio[2]	**0.30**	**0.04**	**0.33**	**0.04**	**0.44**
Solidity[3]	**77.04**	**95.77**	**75.31**	**95.80**	**69.51**

12.5 Funding structure and restrictions on the use of capital

As of 31 March 2014, Magseis was funded by NOK 272.5 million in equity. At the same date, the Company had NOK 24.1 million in interest-bearing debt where of NOK 19.9 million was non-current and NOK 4.2 million was current liabilities. The interest-bearing debt consists only of a finance lease for seismic equipment. The interest rate is a fixed (10.6% p.a.) and equals the interest rate implicit in the lease. Non-interest-bearing debt amounted to NOK 56.9 million whereof NOK 10.4 million was classified as non-current liabilities (amortization of discounted TC rate) and NOK 46.5 million was classified as current liabilities. In addition the Company held NOK 44.9 million in cash, down from NOK 205.4 million as of 31 March 2013. Magseis' cash and cash equivalents consisted solely of deposits with banks. Magseis has no undrawn credit facilities. Magseis' cash is held in NOK, SEK, GBP and USD, of where the distribution was approximately 93.5%, 5.8%, 0.5% and 0.2%, respectively, as per 31 March 2014. Magseis' functional currency is NOK as the majority of revenue and costs to date have been in NOK. As of the date of this Prospectus, the Company has not utilized financial instruments for hedging purposes.

To further develop its operations and strategic plans going forward Magseis has since 31 March 2014 taken various steps to secure funding and liquidity. In April 2014, the Company successfully raised approx. NOK 120m in new capital through a private placement which furthered strengthened the Company's cash and working capital situation. Further, on 6 May 2014 the Company entered into an agreement with Shell Technology

[1] Current assets/current liabilities.
[2] Total interest bearing debt/total equity plus total interest bearing debt.
[3] Equity/total capital.

Ventures ("STV") for the issuance of a convertible loan from STV to the Company of USD 4 million. For further details see section 12.9.

The adequacy of available funds will depend on many factors, including but not limited to the further growth of the business, capital expenditures, market developments and operational performance. The Company may be required to issue parent company, bank or performance guarantees/bonds as part of its regular business which may require the Company to restrict a corresponding amount of cash.

As of the date of this Prospectus, the Company is not aware of any restrictions on transfer of funds from its subsidiaries other than general requirements and restrictions related to dividend capacity and distributions under Norwegian company law. Further, as of the date of this prospectus the Company has not entered into covenants with lenders which could have material effect of restricting the use of credit facilities except for the convertible loan agreement with Shell Technology Ventures B.V. The convertible loan agreement stipulates that the Company can raise debt finance up to a limit of USD 30 million that ranks pari-passu with the convertible loan, provided that an additional USD 15 million of equity capital has been raised by the Company since the execution of the convertible loan agreement.

12.6 Capitalization and indebtedness

The following tables set forth the capitalization and indebtedness of Magseis as per 31 March 2014 and the date of the prospectus.

Shareholder's equity has subsequently increased by approximately NOK 120 million due to an issue of new shares which was completed in April 2014. Further, the Company has also entered into a convertible loan agreement of USD 4 million (approximately NOK 23.7 million). The loan is neither guaranteed or secured and will convert to shares in Magseis ASA when the Company lists on Oslo Axess. In addition to capitalization impacts, these factors have also impacted the Company's liquidity (item A, G and M in the indebtedness table below).

Capitalization

NOK million	As of 31 March 2014	As at the date of the prospectus
Total current debt:		
- Guaranteed	0	0
- Secured [1]	4.2	4.2
- Unsecured and unguaranteed	46.7	58.6
Total non-current debt (excluding portion of long-term debt)		
- Guaranteed	0	0
- Secured [1]	19.9	19.9
- Unsecured and unguaranteed	10.4	22.3
Shareholder's equity		
- Share capital	1.1	1.3
- Share premium	338.5	453.3
- Share options reserve	7.9	7.9
Retained earnings	-75.0	-75.0
- Non-controlling interests	0	0
Total capitalization	353.7	492.5

[1] *Secured debt relates to lease of seismic equipment which is treated as a finance lease. The lessor (Westcon Group AS) has the legal ownership of the assets. Booked value of the assets amounts to approximately NOK 25.0 million.*

Indebtedness

NOK million	As of 31 March 2014	As at the date of the prospectus
A. Cash	44.2	129.7
B. Cash equivalents	0	0
C. Restricted cash	1.6	1.6
D. Liquidity (A)+(B)+(C)	45.8	131.3
E. Current financial receivables	0	0
F. Current bank debt	0	0
G. Current portion of non-current financial debt	4.2	16.1
H. Other current financial debt	0	0
I. Current financial debt (F)+(G)+(H)	4.2	16.1
J. Net current financial indebtedness (I)-(E)-(D)	-41.6	-115.2
K. Non-current bank loans	0	0
L. Bonds issued	0	0
M. Other non-current loans	19.9	31.8
N. Non-current financial indebtedness (K)+(L)+(M)	19.9	31.8
O. Net financial indebtedness (J)+(N)	-21.7	-83.4

As at 31 March 2014 and the date of the Prospectus, the Company has no indirect or contingent indebtedness.

12.7 Borrowings

The Company's interest-bearing debt consists exclusively of obligation under finance lease, which relates to a sale and lease back transaction of parts of Magseis' equipment with a carrying amount of NOK 25.5 million as of 31 December 2013. The table below sets out the remaining contractual maturities for the finance lease obligation including interest payment as of yearend 2013.

Figures in NOK thousands	Carrying amount	Contractual cash flow	Within 12 months	1-2 years	2-5 years
Financial lease obligation	25,468	32,761	6,662	6,662	19,437

12.8 Investments

12.8.1 Principal investments

The Company's investment activities relate to developing its OBS proprietary system through research and development and purchasing of seismic equipment. The Company incurs costs directly attributable to the design and testing of new and improved OBS equipment. These costs are capitalized as intangible assets and seismic equipment and are amortized and depreciated over the estimated useful lives of the assets. Purchased seismic equipment is split in six main categories; 1) MASS Cable includes equipment used on the seabed. 2) Handling system comprises transport equipment and winches. The winches are subject to a sale and leaseback agreement conducted in October 2013. The agreement is treated as a finance lease and the assets are therefore recognized in Magseis' accounts. The sale price amounted to approximately NOK 25 million and is offset by the recognized investment. 3) Robots & Docking includes robots and docking stations onboard Artemis Athene. 4) Navigation comprises navigation equipment used for conducting executing the seismic operations. 5) IT & Recording includes software and hardware used for downloading data from the MASS Cable system. 6) Rigging comprises the costs incurred when rigging Artemis Athene and that did not fit into any of the other main categories.
The major part of seismic related investments where conducted in 2013 and 2012. Investments made in Q1 2014 are primarily related to the upgrade of MASS Cable on Artemis Athene and parts of equipment for a future vessel.

The table below provides an overview of the Company's investment activities for the period ended 31 March 2014 and financial years 2013, 2012 and 2011.

Figures in NOK thousands	Q1 2014	2013	2012	2011
Intangibles	**1,350**	**1,951**	**12,167**	**0**
MASS Cable	**6,943**	**123,746**	**33,088**	**0**
Handling system [1]	**874**	**28,038**	**5,196**	**0**
Robots and Docking	**61**	**26,745**	**2,861**	**0**
Navigation	**0**	**6,489**	**0**	**66**
IT & Recording	**0**	**4,921**	**0**	**0**
Rigging	**0**	**5,741**	**0**	**0**
Office machines	**218**	**546**	**684**	**0**
Total capital expenditure investments	**9,446**	**198,179**	**53,997**	**66**
Research & Development [2]	**1,339**	**8,243**	**7,959**	**12,491**
Total operational expenditure investments	**1,339**	**8,243**	**7,959**	**12,491**

[1] *Investment and disposal are offset*
[2] *Research & development expensed in the profit and loss.*

12.8.2 Future commitments

As at the date of this prospectus the Company has entered into commitments for certain seismic equipment related principally to the planned expansion on Artemis Athene from 3,000 sensor capsules to 4,500 sensor capsules. The table below provides an overview of the commitments and when these commitments will fall due for payment.

Figures in NOK thousands	Q2 2014	Q3 2014	Q4 2014	Total
MASS Cable	**25,165**	**52,466**	**0**	**77,631**
Handling system	**2,137**	**479**	**2,310**	**4,926**
Robots & Docking	**4**	**0**	**0**	**4**
Office machines	**142**	**0**	**0**	**142**
Total capital expenditure investments	**27,448**	**52,945**	**2,310**	**82,703**
Operational equipment	**3,245**	**2,346**	**0**	**5,591**
Research & Development	**2,605**	**0**	**0**	**2,605**
Total operational expenditure investments	**5,850**	**2,346**	**0**	**8,196**

Magseis expects to incur approximately NOK 50.0 million additional capital costs during 2014 not committed as at the date of the prospectus. The expected cost relates to the Athene upgrade from 3,000 to 4,500 nodes which are to come in Q3 and Q4 2014.

Magseis has also entered into two cancellable commitments totaling NOK 46.9 million relating to long lead items which Magseis is unlikely to proceed with which are not included in the future commitments table.

The commitments are expected to be financed with existing liquidity in the Company. Further, the Company is continuously working towards growing its operations and in this context the Company will consider investments

in additional OBS crews. However, the Company has not decided on timing, amount and financing of such expansion.

12.9 Significant changes and trends since the last reporting date

The Company has not experienced any significant changes or trends within or outside ordinary course of business that are material to the company between 31 December 2013 and the date of this Prospectus, nor is the Company aware of such changes or trends that may or are expected to be signification to Magseis for the current financial year, except for the changes related to the transactions as set forth below:

- The Company completed a new equity issue of approximately NOK 120 million in April 2014 at an offer price equivalent to NOK 23.75 per share adjusted for the 1:20 share split. The proceeds will be used to fund an increase of the equipment aboard Artemis Athene from the current 3,000 nodes to 4,500 nodes, purchase of long-lead items for a second crew and general corporate purposes.
- On 6 May 2014 the Company entered into an agreement with Shell Technology Ventures ("STV") for the issuance of a convertible loan from STV to Magseis ASA of USD 4 million. The convertible loan has a duration of 2 years and an annual interest rate of 6.0% p.a. The convertible loan will automatically be converted into common shares in Magseis ASA upon a listing of the Company's shares on Oslo Axess. The conversion price has been set at NOK 23.75 per share.

Please also see Section 8 "Market Overview", Section 11 "Operating and Financial Overview" and Section 13 "Shares and Share Capital" for more information about significant historic trends in the Company's business and relevant markets.

13 SHARES AND SHARE CAPITAL

13.1 Current shares

The number of issued shares of the Company as of the date of this Prospectus is 26,151,460 shares of one class only, with a par value of NOK 0.05 each, and issued in accordance with Norwegian Public Limited Liability Companies Act. The Company's shares are fully paid up. The Shares are registered in VPS with ISIN NO0010663669 and are freely transferable. The registrar for the Shares is DNB Bank ASA, Dronning Eufemias gate 30, N-0191 Oslo, Norway.

Further, at the extraordinary general meeting 24 April 2014 the Board of Directors was granted an authorization to increase the Company's share capital by up to NOK 130,593 representing up to 2,611,860 shares. The authorization is valid until 24 April 2015.

13.2 Equity instruments and other arrangements affecting equity

13.2.1 Warrants

The Company has not issued any warrants.

13.2.2 Options

As at 31 March 2014 the following share options are outstanding

Table 13-2: Issued share options

Date of issue	Number of Options
01/01/12	46,360
22/06/12	254,560
13/03/13	875,600
16/07/13	210,000
16/10/13	96,000
31/03/14	60,000
Total on 31 March 2014	1,542,520

Movements in the number of share options outstanding and their related weighted average exercise price are as follows:

List of outstanding options	2014	Weighted average exercise price (NOK)	2013	Weighted average exercise price (NOK)
Outstanding on January 1	**1,482,520**	**20.17**	**300,920**	**17.31**
Options granted	**60,000**	**23.75**	**875,600**	**20.90**
Options exercised	**0**	**0**	**0**	**0**
Options forfeited	**0**	**0**	**0**	**0**
Outstanding on 31 March	**1,542,520**	**20.31**	**1,176,520**	**19.98**
Exercisable on 31 March	**272,380**	**18.58**	**46,360**	**9.70**

As at 31 March 2014 there were a total of 1,542,520 options issued under the share option incentive program. 1,542,520 were outstanding of which 272,380 were exercisable and have an exercise price in the range of NOK 9.70 to NOK 23.75 and a weighted average contractual life of 2.89 years. The

options granted but currently un-exercisable can be exercised between 1.2 and 3.0 years after the date of this prospectus.

Outstanding share options to executives, management and senior employees as at the date of the prospectus are as follows:

Anders Farestveit has been allocated 160,000 options of which all 160,000 options were outstanding and 32,000 were exercisable at the date of the prospectus. Outstanding options have a remaining option life and exercise period of 2.78 years. The exercise price is NOK 20.90.

Jan Gateman has been allocated 160,000 options of which all 160,000 options were outstanding and 32,000 were exercisable at the date of the prospectus. Outstanding options have a remaining option life and exercise period of 2,78 years. The exercise price is NOK 20.90.

Ivar Gimse has been allocated 250,000 options of which all 250,000 options were outstanding and 32,000 were exercisable at the date of the prospectus. Outstanding options have a remaining option life and exercise period of 2.78-3.91 years. The exercise price is NOK 20.90.

Mikkel Ektvedt has been allocated a total of 266,580 options of which all 266,580 options were outstanding and 78,400 were exercisable at the date of the prospectus. Outstanding options have a remaining option life and exercise period of 0.58-3.82 years. The exercise price range is NOK 9.70 – 23.75.

Senior employees have been allocated a total of 735,940 options of which all 735,940 options were outstanding and 97,980 were exercisable at the date of the prospectus. Outstanding options have a remaining option life and exercise period of 2.08-3.37 years. The exercise price range is NOK 18.70 – 20.90.

Except for the options described above and in section 9.5.2 "Employee incentive schemes", the Company has not issued any options.

13.3 Share capital development

The following table sets forth the development of the Company's share capital since incorporation.

Date	Description of issuance	Change in share capital	Par value per share	Issue price	Share capital after change	No. of Shares after change
04/09/09	Incorporation	100,000	1	1,000	100,000	100
29/06/10	Share issue	2,000	1	251,000	102,000	102
07/06/11	Share split	0	1	0	102,000	102,000
07/06/11	Share issue	129,800	1	154	231,800	231,800
21/11/11	Share issue	2,318	1	194	234,118	234,118
28/12/12	Loan conversion	71,388	1	350	305,506	305,506
28/06/12	Share issue	125,783	1	374	431,289	431,289
19/12/12	Share issue	622,010	1	418	1,053,299	1,053,299
24/04/14	Share issue	252,632	1	475	1,305,931	1,305,931
24/04/14	Share issue	1,642	1	475	1,307,573	1,307,573
27/05/14	Share split (1:20)	0	0.05		1,307,573	26,151,460

Note: NOK, except for number of shares.

13.4 Board authorizations

At an extraordinary general meeting held on 24 April 2014, the Board of Directors was granted an authorization to increase the share capital by up to NOK 130,593, which equals to 10 % of the share capital at the time of the registration of the power of attorney in the Register of the Business Enterprises, through issuance of new shares to existing and new shareholders, and in relation to

acquisitions. The authorization is valid for one year after the extraordinary general meeting, which means until 24 April 2015. The board may deviate from the shareholders preferential right to subscribe for new shares.

At an extraordinary general meeting held on 27 May 2014, the Board of Directors was granted an authorization on behalf of the Company to acquire shares in the Company with an aggregate face value of NOK 100,000 subject to certain conditions. When acquiring shares in the Company, the consideration payable per share shall not be lower than NOK 5 and shall not exceed NOK 100. The power of attorney is valid until 30 June 2015.

13.5 Own Shares

The Company does not hold any Shares.

13.6 Shareholder structure

As of 2 June 2014, the Company had a total of 116 registered Shareholders, of which 90 were Norwegian and 20 were non-Norwegian. An overview of the Company's 30 largest Shareholders as of 2 June 2014 is set out in the table below:

Shareholder	Number of shares	% of total
Westcon Group AS	5,001,920	19.1%
Geo Innova AS	3,515,780	13.4%
Anfar Invest AS	3,285,060	12.6%
Clipper A/S	1,360,000	5.2%
Barrus Capital AS	1,223,740	4.7%
Gneis AS	904,280	3.5%
Op-Europe Equity Fund	853,340	3.3%
Varma Mutual Pension Insurance	710,000	2.7%
Apm Invest AS	640,800	2.5%
VPF Nordea Kapital	538,000	2.1%
Storebrand Vekst	508,960	1.9%
Mp Pensjon PK	484,020	1.9%
Klp Aksje Norge VPF	484,000	1.9%
Invesco Perp Eur Small Comp FD	400,000	1.5%
Storebrand Norge I	327,400	1.3%
Barclays Capital Securities Ltd.	326,320	1.2%
Kommunal Landspensjonskasse	313,560	1.2%
The Bank Of New York Mellon	270,000	1.0%
Strømstangen AS	268,900	1.0%
VPF Nordea Avkastning	266,000	1.0%
Bintrix AB	257,760	1.0%
Verdipapirfondet Storebrand Optima	243,780	0.9%
Dof ASA	239,240	0.9%
Rønnestad Jan Åge	213,200	0.8%
Storebrand Livsforsikring AS	207,680	0.8%
Ørnes AS	200,000	0.8%
Lithinon AS	200,000	0.8%
Kotech AS	196,940	0.8%
Verdipapirfondet Nordea Norge Plus	196,000	0.7%
Storebrand Aksje Innland	183,980	0.7%
Other Investors	2,330,800	8.9%
Total	**26,151,460**	**100.0 %**

All the Shares are equal in all respect and the shareholders of the Company have equal rights, including rights to dividends and voting rights. Each share in the Company carries one vote and none of the Company's shareholders have different voting rights. Please refer to section 13.11, 13.12 and chapter 14 below for a further review of rights attached to the Shares.

To the Company's knowledge, there are no arrangements which may at a subsequent date result in a change of control of the Company.

The Company is not aware that the Company is controlled or owned, directly or indirectly, by any Shareholder or related Shareholders. However, the Company is aware of a shareholders' agreement entered into by and among Westcon Group AS and the "Founders". Please see section 13.7).

In accordance with the disclosure obligations under the Norwegian Securities Trading Act, shareholders acquiring ownership to or control over more than 5% of the share capital of a company listed on Oslo Børs/Oslo Axess must notify the stock exchange immediately. The following registered shareholders/nominees currently own more than 5% of the issued share capital in the Company: Westcon Group AS, Geo Innova AS, Anfar Invest AS and Clipper A/S.

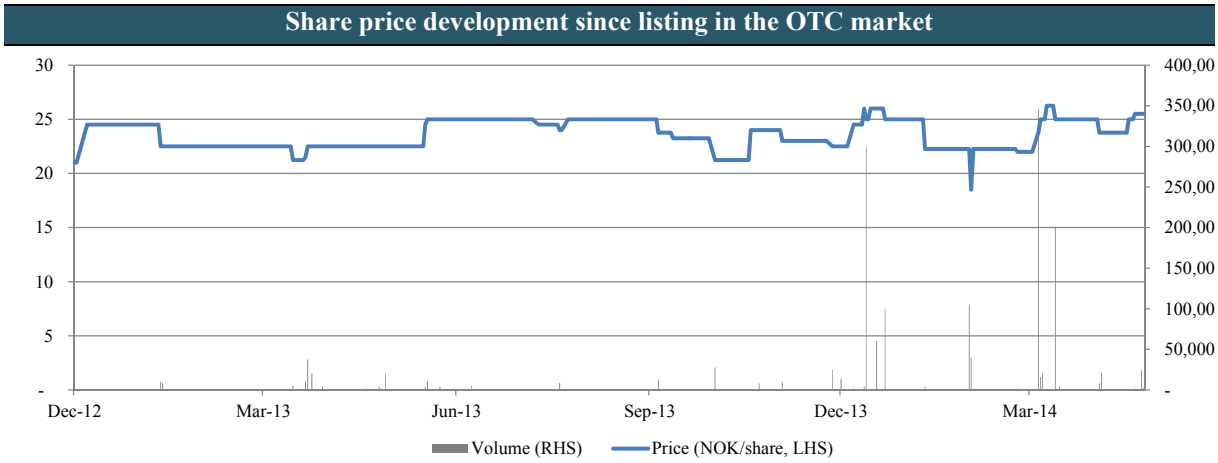
13.7 Shareholder agreement

The Company is aware of a shareholders' agreement entered into by and among Westcon Group AS, Geo Innova AS, Anfar Invest AS and Gneis AS (the later three referred to as the "Founders"). The agreement regulates the Founders' ability to sell their shares for a period of three years from 27 February 2013. The three year period is divided into three periods of twelve months during which the Founders may not sell more than 10% of their shareholdings. Unused quotas may be transferred to the next period. Further, the agreement contains provisions regarding the Founders' ability to sell larger quantity of shares upon receipt of a third party offer. If the Founders receive a third party offer for 50% or more of their shareholdings, at an offer price of NOK 20.9 per share + 15% p.a. or better and they intend to accept, the Founders can only complete the transaction if Westcon Group AS have been or will be offered to sell their shares on the same terms, or if Westcon Group AS is given the opportunity to participate in the transaction for a proportionate part of the shares. The shareholders' agreement will be terminated if Westcon Group AS' holding of shares falls below 10% of total outstanding shares in the Company.

13.8 Share price development

The Shares have been publicly traded in the Norwegian OTC market under the trading symbol “MSEIS” since the date of 27 December 2012.

The figure below sets forth the price and trading volume of the Shares in the OTC market from 27 December 2012 to 2 June 2014 adjusted for the 1:20 share split. The opening price on the first day of trading was NOK 21.00, while the closing price of the Shares in the OTC market on 2 June 2014 was NOK 27.00.



Source: Norwegian Securities Dealers Association

13.9 Articles of association

The Company's Articles of Association as at the date of this Prospectus are available for inspection at Magseis' homepage and Magseis' offices, as further described in section 17.1 of this Prospectus. The following is a summary of certain provisions of the Articles of Association, some of which have not been addressed in the preceding Sections.

Objective of the Company

Pursuant to article 3 of the Company's Articles of Association, the Company's object is (non-official office translation): "The company's business activities include development of geophysical equipment and methods, generation, marketing and sale of exclusive and non-exclusive geophysical exploration and other thereto naturally related activities.

Registered Office

The Company's registered office is in Bærum municipality.

Board of directors

The Board shall consist of minimum 3 and maximum 5 members as designated by the general meeting.

Restriction on transfer of shares

The Articles of Association do not provide for any right of first refusal for the Company's shareholders or any other restrictions on the transfer of Shares. Share transfers are not subject to Board approval. Rights, preferences and restrictions attaching to shares are set out in the Norwegian Public Limited Companies Act. The Articles of Association do not set forth additional conditions with regard to changing the rights of shareholders than required by the Norwegian Public Limited Companies Act.

Nomination committee

The Company shall have a nomination committee consisting of two or three members. The members of the nomination committee shall be shareholders or representatives of shareholders. The nomination committee shall give the general meeting its recommendations regarding the election of board members to be elected by the shareholders, the remuneration to the board members, the election of members of the nomination committee and the remuneration of the nomination committee. The members of the nomination committee, including its chairman, are elected by the general meeting. The members of the nomination committee's period of service shall be two years unless the general meeting decides otherwise.

Signatory rights

The right of signature lies with two board members jointly or by the chief executive officer alone. The board may grant power of procuration.

Restrictions on transfer of shares

The Article of Association do not provide for any right of refusal for the Company's shareholders or any other restrictions on the transfer of Shares. Share transfers are not subject to Board approval.

Rights, preferences and restrictions attaching to shares are set out in the Norwegian Public Limited Companies Act. The Articles of Association do not set forth additional conditions with regard to changing the rights of shareholders than required by the Norwegian Public Limited Companies Act.

13.10 Dividend policy

The Company has not declared or paid any dividends since incorporation. In view of the Company's planned expansion and growth of its business, Magseis ASA may retain all available financial resources and any earnings generated by the operations for use in expanding the business during the next few years. The payment of any dividends in the future would depend on a number of factors, including future earnings, capital requirements,

financial conditions and future prospects, applicable restrictions on the payment of dividends under Norwegian law and other factors the Board of Directors may consider relevant.

13.11 General meetings

The Articles of Association do not set forth additional conditions with regard to changing the rights of the shareholders than required by the Norwegian Public Limited Companies Act.

Through the general meeting, the Company's shareholders exercise the supreme authority in the Company, subject to the limitations provided by Norwegian law. All shareholders in the Company are entitled to attend and vote at general meetings, either in person or by proxy. See "Voting rights" with regard to certain restrictions on voting right applying for nominee registered shares, etc. General meetings are conveyed by the Company's Board of Directors. A notice of a general meeting shall be sent at the latest 21 days before the date of the meeting, and shall include a proposal for an agenda for the meeting. A shareholder is entitled to submit proposals to be discussed at general meetings provided such proposals are submitted in writing to the Board of Directors in such time that it can be entered on the agenda of the meeting. The Company's Articles of Association contain notice requirements for attending a general meeting; see "Articles of Association" with regard to further instructions.

The ordinary general meeting shall be held within six months from the end of each financial year. The ordinary general meeting shall deal with and decide on the approval of the annual financial statement and directors' report, including the distribution of any dividend, and such other matters as may be set out in the notice of the meeting.

Extraordinary general meetings can be called by the Board of Directors. In addition, the Board of Directors shall call an extraordinary general meeting whenever so demanded in writing by the auditor or shareholders representing at least 5% of the share capital, in order to deal with a specific subject.

13.12 Voting rights

The Articles of Association do not set forth additional conditions with regard to changing the rights of shareholders other than required by the Norwegian Public Limited Companies Act.

Each share in the Company carries one vote.

As a general rule, resolutions that shareholders are entitled to make pursuant to the Norwegian Public Limited Liabilities Companies' Act or the Company's Articles of Association require a simple majority of the votes cast. In the case of elections, the persons who obtain the greatest number of 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 de-merger, to amend the Company's Articles of Association or to authorize an increase or reduction in the share capital, 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 shareholders' 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 Company's Articles of Association. Decisions that (i) would reduce any shareholder's right in respect of dividend payments or other rights to the assets of the Company 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 Company's 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 Company's Articles of Association. Changes to or exemptions from the Articles of Association of the Company regarding the

distribution of the maximum allowed dividend requires the support of at least nine tenths of the votes cast and of the share capital represented at the general meeting.

In general, in order to be entitled to vote, a shareholder must be registered as the beneficial owner of Shares in the share register kept by the VPS. Beneficial owners of Shares that are registered in the name of a nominee are generally not entitled to vote under Norwegian law, nor are any persons who are designated in the register as holding such Shares as nominees.

The Company's Articles of Association contain certain requirements in order to exercise voting rights which are covered by custodian arrangements. An owner with shares registered through a custodian approved pursuant to Section 4-10 of the Norwegian Public Limited Companies Act has voting rights equivalent to the number of shares which are covered by the custodian arrangement provided that the owner of the shares shall within two working days before the General Meeting provide the Company 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 provided further the Board of Directors shall not disapprove such beneficial ownership after receipt of such notification in accordance with the rules set out in the Articles of Association.

13.13 Dividends

Under Norwegian law, interim dividends may only 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, if the dividend payments are based on an audited interim balance sheet presented by the Board and approved by the general meeting of shareholders. The interim balance sheet may not be dated any later than six months prior to the day the resolution of paying dividends is resolved. Any proposal to pay dividends must be recommended or accepted by the Board and approved by the shareholders at a general meeting or resolved by the Board in accordance with an authorization from the general meeting. The shareholders at the annual general meeting may vote to reduce (but not, unless accepted by the Board, to increase) the dividends proposed by the Board. The Norwegian Public Limited Liability Companies Act provides several constraints on the distribution of dividends in cash or in kind:

- Dividends are payable only out of distributable equity. Pursuant to section 8-1 of the Norwegian Public Limited Liability Companies Act , the Company may only distribute dividends provided that, following such distribution, it retains net assets that provide coverage for the Company's share capital and other non-distributable equity pursuant to sections 3-2 and 3-3 of the Norwegian Public Limited Liability Companies Act. The calculation shall be made on the basis of the balance sheet total in the Company's last approved annual accounts, such, however, that it is the registered share capital at the time the resolution is adopted that forms the basis for the calculation. A deduction shall be made for the total nominal value of own shares the Company has acquired for ownership or as security prior to the balance sheet date. A deduction shall also be made for credit and security etc. furnished pursuant to sections 8–7 to 8–10 prior to the balance sheet date, which, pursuant to these provisions, shall be within the limits of the assets the Company may distribute as dividend. A deduction shall nonetheless not be made for credit and furnished security etc. that has been repaid or cancelled before the resolution is adopted, or for credit furnished to a shareholder insofar as the credit is cancelled by being offset against the dividend.
- In connection with the calculation above, a deduction shall be made for other transactions after the balance sheet date that, pursuant to the Norwegian Public Limited Liability Companies Act, shall be within the limits of the assets the Company may utilize for the distribution of dividends.
- The Company may only distribute dividends provided that it has sound equity and liquidity following such distribution, cf. section 3–4.

All shareholders that are shareholders at the time the general meeting pass a resolution to distribute dividends are entitled to such dividends. According to the Norwegian Public Limited Companies Act, there is no time limit

after which entitlement to dividends lapses. Further, there are no dividend restrictions or specific procedures for non-Norwegian resident shareholders in the Norwegian Public Limited Companies Act. Please see Section 15.2.1 for a description of withholding tax on dividends that is applicable to non-Norwegian residents.

13.14 Certain aspects of Norwegian law

Additional issuances and preferential rights

If the Company issues any new Shares, including bonus share issues (involving the issuance of new Shares by a transfer from the Company's share premium reserve or distributable equity to share capital), the Company's Articles of Association must be amended, which requires a two-thirds majority of the aggregate number of votes cast at the general meeting, as well as at least two-thirds of the share capital represented at the general meeting. In connection with an increase in the Company's share capital by a subscription for Shares against cash contributions, Norwegian law provides the Company's shareholders with a preferential right to subscribe for the new Shares on a pro rata basis in accordance with their then-current shareholdings in the Company. The preferential rights may be waived by the general meeting by the majority vote as required for amendments to the Company's Articles of Association.

The general meeting may, with a majority vote as described above, authorize the Board to issue new Shares. Such authorization may be effective for a maximum of two years, and the nominal value of the Shares to be issued may not exceed 50% of the share capital at the time the authorization is registered with the Norwegian Register of Business Enterprises. The preferential right to subscribe for Shares against consideration in cash may be set aside by the Board of Directors only if the authorization includes such possibility for the Board of Directors.

Under Norwegian law, bonus shares may be issued, subject to shareholder approval and provided that, amongst other requirements, the Company does not have an uncovered loss from a previous accounting year, by transfer from the Company's distributable equity or from the Company's share premium reserve. Any bonus issues may be effected either by issuing Shares or by increasing the nominal value of the Shares outstanding. If the increase in share capital is to take place by new Shares being issued, these new Shares must be allocated to the shareholders of the Company in proportion to their current shareholdings in the Company.

Minority rights

Norwegian law sets forth a number of protections for minority shareholders of the Company, including but not limited to those described in this paragraph and the description of general meetings as set out above. Any of the Company’s shareholders may petition Norwegian courts to have a decision of the Board of Directors or the Company’s shareholders made at the general meeting declared invalid on the grounds that it unreasonably favours certain shareholders or third parties to the detriment of other shareholders or the Company itself. The Company’s shareholders may also petition the courts to dissolve the Company as a result of such decisions to the extent particularly strong reasons are considered by the court to make necessary dissolution of the Company.

Minority shareholders holding 5% or more of the Company’s share capital have a right to demand in writing that the Board of Directors convene an extraordinary general meeting to discuss or resolve specific matters. In addition, any of the Company’s shareholders may in writing demand that the Company place an item on the agenda for any general meeting as long as the Company is notified in time for such item to be included in the notice of the meeting. If the notice has been issued when such a written demand is presented, a renewed notice must be issued if the deadline for issuing notice of the general meeting has not expired.

Liability of directors

Directors owe a fiduciary duty to the Company and its shareholders. Such fiduciary duty requires that the Directors act in the best interests of the Company when exercising their functions and exercise a general duty of loyalty and care towards the Company. Their principal task is to safeguard the interests of the Company.

Each Director may be held liable by the Company for any damage they negligently or wilfully cause the Company. Norwegian law permits the general meeting to exempt any such person from liability towards the Company, but the exemption is not binding if substantially correct and complete information was not provided at the general meeting when the decision was made. 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 majority below that required to amend the Company's 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 the Company's behalf and in its name. The cost of any such action is not the Company's responsibility, but can be recovered from any proceeds that the Company receives as a result of the action. If the decision to grant an exemption from liability or not to pursue claims is made by a majority required to amend the Articles of Association, the minority shareholders cannot pursue the claim in the Company's name.
Indemnification of directors

Neither Norwegian law nor the Articles of Association contain any provision concerning indemnification by the Company of the Board of Directors. The members of the Board of Directors are, as part of an insurance coverage covered against certain liabilities that they may incur in their capacity as such.

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 the same majority as required to amend the Articles of Association. After completion of the Offering, the Offer Shares and the existing Shares rank equally in the event of a return on capital by the Company upon a winding-up or otherwise.

Rights of redemption and repurchase of Shares
The share capital may be reduced by decreasing the nominal value of the Shares or by redemption of issued Shares. Such a decision requires the same majority as required to amend the Articles of Association. 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 authorization for the board of directors of the company to this effect has been given by a general meeting with the approval of at least two-thirds of the aggregate number of votes cast and Shares represented at the meeting. The aggregate nominal 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 authorization by the general meeting cannot be given for a period exceeding two years.

14 SECURITIES TRADING IN NORWAY

The following is a summary of certain information in respect of trading and settlement of shares on Oslo Børs/Oslo Axess, securities registration in Norway and certain provisions of applicable Norwegian securities law, including the Norwegian Securities Trading Act, in effect as at the date of this Prospectus. This summary does not purport to be complete and is qualified in its entirety by Norwegian law.

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 a.m. CET and 16:20 p.m. CET each trading day, with a pre-trade period between 08:15 a.m. CET and 09:00 a.m. CET, a closing auction at 16:25 p.m. CET and a post-trade period from 16:25 p.m. CET to 16:30 p.m. CET. The settlement period for trading on Oslo Børs/Oslo Axess is three trading days (T+3).

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 which 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 effect 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 FSA 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/Oslo Axess is required to perform a number of surveillance and control functions. The Surveillance and Corporate Control unit of Oslo Børs/Oslo Axess 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 which is listed on a Norwegian regulated market, or is subject to the application for listing on such market, must promptly release any inside information (that is, 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 centralized securities register. It is a computerized bookkeeping system in which the ownership of, and all transactions relating to, Norwegian listed shares must be recorded. The VPS and Oslo Børs/Oslo Axess are both wholly owned by Oslo Børs VPS Holding ASA.

All transactions relating to securities registered with the VPS are made through computerized 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), authorized 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 which the VPS could not reasonably be expected to avoid or overcome the consequences of. 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 FSA 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 Shareholder register

Under Norwegian law, shares are registered in the name of the beneficial owner of the shares. As a general rule, there are no arrangements for nominee registration, and Norwegian shareholders are not allowed to register their shares in VPS through a nominee. However, foreign shareholders may register their shares in the VPS in the name of a nominee (bank or other nominee) approved by the Norwegian FSA. 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 case of registration by nominees, the registration in the 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 in General Meetings on behalf of the beneficial owners.

14.5 Foreign investment in Norwegian shares

Foreign investors may trade shares listed on Oslo Børs/Oslo Axess through any broker that is a member of Oslo Børs, whether Norwegian or foreign.

14.6 Insider trading

Pursuant to the Norwegian Securities Trading Act, subscription for, purchase, sale or exchange of financial instruments that are listed, or subject to the application for listing, on a Norwegian regulated market, 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 the entry into, purchase, sale or exchange of options or futures/forward contracts or equivalent rights whose value is connected to such financial instruments or incitement to such dispositions.

14.7 Disclosure obligations

Pursuant to the Norwegian Securities Trading Act, a person, entity or group acting in concert that acquires or disposes shares or rights to shares (i.e. convertible loans, subscription rights, options for shares or other similar rights to shares) which results in beneficial ownership, directly or indirectly, in the aggregate, reaching or exceeding or falling below the respective thresholds of 5%, 10%, 15%, 20%, 25%, 1/3, 50%, 2/3 and 90% of the

share capital or a corresponding portion of the votes in a company whose shares are quoted on Oslo Børs or Oslo Axess is obligated to notify the Stock Exchange and the company (issuer) immediately.

Certain voting rights are counted on equal basis as shares and rights to shares. A change in ownership level due to other circumstances (i.e. other than acquisition or disposal) can also trigger the notification obligations when the said thresholds are passed, e.g. changes in the company's share capital.

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 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 Axess 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 Axess 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. 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 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 failure to make a mandatory offer or to sell the portion of the shares that exceeds the relevant threshold within four weeks, the Oslo Axess 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 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 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 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 months deadline. The cost of such court procedure would, as a general rule, be for the account of the majority shareholder, and the courts would have full discretion in respect of the valuation of the Shares as per the effectuation of the compulsory acquisition within the scope of the real value of the Shares.

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.

14.10 Foreign 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, and 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 FSA have electronic access to the data in this register.

15 TAXATION

Set out below is a summary of certain Norwegian tax matters related to the holding of subscription rights and Shares in the Company. The summary is based on Norwegian laws, rules and regulations applicable as of the date of this Prospectus, and may be subject to changes in law occurring after such date. Such changes may be made on a retroactive basis. The summary does not address foreign tax laws.

The 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 (because of domestic tax law or tax treaty) should 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 foreign 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 shareholders who are individuals resident in Norway for tax purposes ("Norwegian Individual Shareholders") are taxable as ordinary income for such shareholders at a flat rate of currently 27% to the extent the dividends exceed a tax-free allowance, provided that the dividends are lawful pursuant to accounting and company law. Otherwise, no allowance will be granted.

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. For 2013, the risk-free interest rate is set at 1.1%. The allowance is calculated for each calendar year, and is allocated solely to Norwegian Individual Shareholders holding shares as of 31 December of the relevant income year. Norwegian Individual Shareholders who transfer shares will thus not be entitled to deduct any calculated allowance related to the year of transfer. Any part of the calculated allowance in 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. Any excess allowance will also be included in the basis for calculating the allowance on the same share in the following years.

Norwegian Corporate Shareholders

Dividends received by shareholders which are limited liability companies (and certain similar entities) resident in Norway for tax purposes ("Norwegian Corporate Shareholders") are in principle taxable as ordinary income for such shareholder. However, only 3% of dividends on shares qualifying for the participation exemption method should be included in the calculation of ordinary income, provided that the dividends are lawful pursuant to accounting and company law. Otherwise, the dividend is taxed in full as ordinary income. Ordinary income is subject to tax at a flat rate of currently 27%, implying that dividends from shares qualifying under the participation exemption method are effectively taxed at a rate of 0.1%. The participation exemption for Norwegian Corporate Shareholders applies regardless of the number of shares held in the Company.

Shares owned through partnerships

Partnerships are as a general rule transparent for Norwegian tax purposes. Taxation occurs at the level of Norwegian taxable partners, and each Norwegian partner is taxed on a current basis for its proportional share of the net income generated by the partnership at a rate of currently 27%, regardless of whether such income is distributed to the partners or not. However, only 3% of dividends received by the partnership from shares qualifying under the participation exemption method shall be entered as ordinary income and taxed at the normal

tax rate on the hands of the Norwegian partners, cf. the description of tax issues related to corporate shareholders above.

For partners who are Norwegian individuals further taxation occurs when the dividends received are distributed from the partnership to such partners. Such distributions will be taxed as ordinary income at a rate of currently 27%. The Norwegian individual partners will be entitled to deduct a calculated allowance when calculating their taxable income. For partners who are Norwegian companies etc., 3 % of the distributions are taxed as ordinary income.

15.1.2 Capital Gains Tax

Norwegian Individual Shareholders

Sale, redemption or other types of disposal of shares is considered as realization for Norwegian tax purposes. A capital gain or loss generated by a Norwegian Individual Shareholder through realization 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 27%. The taxable gain/deductible loss is calculated per share, as the difference between the 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 realization 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 at taxable dividend income. See "Norwegian Individual Shareholders" under Section 15.1.1 "Taxation of dividends" 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 realization of a share will be annulled.

If the Norwegian Individual Shareholder owns shares acquired at different points in time, the shares that were acquired first will be regarded as the first to be disposed of, on a first-in first-out basis.

Norwegian Corporate Shareholders

Sale, redemption or other types of disposal of shares is considered realization for Norwegian tax purposes. Capital gains derived from the realization of shares qualifying for the participation exemption method are exempted from taxation. Losses and related costs incurred upon realization of such shares are not deductible.

Shares owned through partnerships

Partnerships are as a general rule transparent for Norwegian tax purposes, and taxation occurs at partner level on a current basis. Due to the participation exemption method, capital gains on qualifying shares etc. derived by the partnership are not taxed on a current basis.

For partners who are Norwegian individuals taxation occurs when the capital gains received by the partnership are distributed from the partnership to such partners. Such distributions will be taxed as general income at a rate of currently 27%. The Norwegian individual partners will be entitled to deduct a calculated allowance when calculating their taxable income. For partners who are Norwegian companies etc., 3 % of the distributions are taxed as ordinary income.

15.1.3 Net Wealth Tax

The value of shares and subscription rights is included in the basis for the computation of wealth tax imposed on Norwegian Individual Shareholders. Currently, the marginal wealth tax rate is 1% of the value assessed. The value for assessment purposes of shares and subscription rights listed on the Oslo Stock Exchange is the listed value as of 1 January in the year of assessment.

Norwegian Corporate Shareholders are in general not subject to wealth tax.

15.2 Foreign Shareholders

15.2.1 Taxation of dividends

Foreign Individual Shareholders

Dividends distributed to shareholders who are individuals not resident in Norway for tax purposes ("**Foreign 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. The withholding obligation lies with the company distributing the dividends.

Foreign Individual Shareholders resident within the EEA for tax purposes may apply individually to Norwegian tax authorities for a refund of an amount corresponding to the calculated tax-free allowance in respect of each individual share (see above), provided that the dividends are lawful pursuant to accounting and company law.

Foreign Individual Shareholders who have been subject to 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 withheld.

Foreign Corporate Shareholders

Dividends distributed to shareholders which are limited liability companies not resident in Norway for tax purposes ("**Foreign 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 Foreign Corporate Shareholders resident within the EEA for tax purposes are exempt from Norwegian tax provided that the shareholder is the owner of the shares for tax purposes and that the shareholder is genuinely established and performs genuine economic business activities within the relevant EEA jurisdiction.

If the Foreign Corporate Shareholder holds the shares in connection with business activities in Norway, taxation will be as described for Norwegian Corporate Shareholders in Section 15.1 "Norwegian shareholders" above.

Foreign Corporate Shareholders who have been subject 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. The same applies to Foreign Corporate Shareholders within the EEA that are exempt from Norwegian tax on dividends, pursuant to the participation exemption rules.

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. The withholding obligation in respect of dividends distributed to Foreign Corporate Shareholders and on nominee registered shares lies with the company distributing the dividends.

15.2.2 Capital Gains Tax

Foreign Individual Shareholders

Gains from the sale or other type of disposal of shares in the Company by a Foreign Individual Shareholder will not be subject to taxation in Norway unless the Foreign Individual Shareholder holds the shares in connection with business activities carried out in or managed from Norway.

Foreign Corporate Shareholders

Capital gains derived from the sale or other type of realization of shares in the Company by Foreign Corporate Shareholders are not subject to taxation in Norway.

15.2.3 Net Wealth Tax

Shareholders not resident in Norway for tax purposes are generally not subject to Norwegian net wealth tax. Foreign Individual Shareholders may, however, be taxable if the shareholding is effectively connected to the conduct of trade or business in Norway.

15.2.4 Inheritance tax

Effective 1 January 2014 there is no inheritance tax in Norway.

15.3 Duties on the transfer of shares

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

16 LEGAL MATTERS

None of the companies in Magseis are, or have been during the 12 months preceding the date of this Prospectus, party to, or the subject of, any legal or arbitration proceedings including any such proceedings which are pending or threatened of which the issuer is aware which may have, or have had in the recent past, significant effects on the Company and/or Magseis' financial position or profitability. None of the companies in Magseis is aware of any such legal or arbitration proceedings being threatening.

17 ADDITIONAL INFORMATION

17.1 Documents on display

For the life of this Prospectus, the following documents (or copies thereof) are referred to and available for inspection at Magseis' homepage www.magseis.com and Magseis' offices at Fornebuveien 5, 1366 Lysaker, Norway, telephone number: (+47)213 92 240.

- Memorandum of Incorporation and Articles of Association
- The audited consolidated financial statements for Magseis for the financial year 2013, 2012and 2011.
- The unaudited condensed consolidated financial information for the interim period ended 31 March 2014.
- Stock exchange notices distributed by the Company through Oslo Børs' information system
- This Prospectus

17.2 Incorporation by reference

The information incorporated by reference in this Prospectus shall be read in connection with the cross-reference list set out in the table below. Except as provided in this section, no information is incorporated by reference in this Prospectus.

All the relevant information can be found on the Company's webpage www.magseis.com.

Section in Prospectus	Disclosure requirements of the Prospectus	Reference document and link	Page (P) in reference document
Section 12, 13, 14	Unaudited interim report	Interim report for the three month period ended 31 March 2014: http://magseis.no/sites/default/files/downloads/MSEIS%20Q1%20report%202014.pdf Interim report for the quarter and year ended 31 December 2013: http://magseis.no/sites/default/files/downloads/MagSeis%20AS%202013%20Q4.pdf	P 4-7
Section 12, 13, 14	Audited historical financial information (Annex I, Section 20.1)	Financial statements 2013 https://onedrive.live.com/view.aspx?resid=607E197147D2EBE!1243&app=WordPdf Financial statements 2012: http://www.MagSeis.no/sites/default/files/downloads/MagSeis_Annual_Report_2012.pdf Director's report 2012: http://www.MagSeis.no/sites/default/files/downloads/MagSeis_Annual_Report_2012.pdf Financial statements 2011: http://www.MagSeis.no/sites/default/files/downloads/MagSeis_Annual_Report_2012.pdf Director's report 2011: http://www.MagSeis.no/sites/default/files/downloads/MagSeis_Annual_Report_2012.pdf	P 13-33 P 3-10 P 3-10 P 3-10 N/A
Section 12, 13, 14	Audit report (Annex I, Section 20.4.1)	Auditor's report 2013 https://onedrive.live.com/view.aspx?resid=607E197147D2EBE!1243&app=WordPdf Auditor's report 2012: Appendix A Auditor's report 2011: Appendix A	P 13 P 11-12
Section 12, 13, 14	Accounting policies (Annex I, Section 20.1)	Accounting principles (annual report 2013 and interim report for the three month period ended 31 March 2013): http://magseis.no/sites/default/files/downloads/MSEIS%20Q1%20report%202014.pdf https://onedrive.live.com/view.aspx?resid=607E197147D2EBE!1243&app=WordPdf	P 17-21 P 23-27

17.3 Third party information

In certain sections of the Prospectus information sourced from third parties has been reproduced. In such cases, the source of the information is always identified. Such third party information has been accurately reproduced. As far as the Company is aware, and is able to ascertain from information published by the relevant third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

18 DEFINITIONS AND GLOSSARY OF TERMS

Articles	The articles of association of Magseis ASA, as amended and restated from time to time
Board or Board of Directors	The board of directors of the Company, as constituted from time to time
Code	Norwegian Code of Practice for Corporate Governance
Company	Magseis ASA, a Norwegian public limited company
EUR	EURO, the currency introduced at the start of the third stage of the Economic and Monetary Union to the Treaty establishing the European Economic Community, as amended by the Treaty on the European Union
Foreign Corporate Shareholders	Shareholders who are limited liability companies not resident in Norway for tax purposes
Foreign Individual Shareholders	Shareholders who are individuals not residents in Norway for tax purposes
GBP	The currency of the United Kingdom, (British Pound)
Group	Magseis ASA together with Magseis Operations AS and Magseis Technology Filial.
IFRS	International Financial Reporting Standards as adopted by EU
ISIN	Securities number in the Norwegian Registry of Securities (VPS)
LIBOR	The London Interbank Offered Rate; the reference interest rate quoted between banks in London
Listing	The listing of the Shares of Magseis ASA on Oslo Axess
Managers	Arctic Securities ASA and Pareto Securities ASA
MASS	Marine Autonomous Seismic System
NOK	The Norwegian kroner, the lawful currency of the Kingdom of Norway (Norwegian: "krone")
Norwegian Securities Trading Act	The Norwegian Securities Trading Act of 29 June 2007 no. 75
OBC	Ocean Bottom Cable
OBS	Ocean Bottom Seismic
Oslo Axess	Authorized market place, owned and operated by Oslo Børs ASA (see www.osloaxess.no)
Oslo Børs	Oslo Stock Exchange, owned and operated by Oslo Børs VPS Holding ASA (see www.oslobors.no)
Prospectus	This Prospectus prepared in connection with the application for listing of the Company's Shares on Oslo Axess
QHSE	Quality, health, Health, Safety and Environment

QIBs	Qualified Institutional buyers, as defined in Rule 144A under the U.S. Securities Act
Registrar / VPS Registrar	DNB Bank ASA
Shareholders	Person or legal entity registered in the VPS Register as holder of a Share
Shareholder Agreement	The shareholder agreement between Westcon Group AS, Geo Innova AS, Anfar Invest AS and Gneis AS
Shares	A share of par value NOK 0.05 in the capital of the Company
TC Agreement	Timecharter Party for the lease of Artemis Athene from Artemis Athene AS, a subsidiary of Westcon Group AS, subject to the terms of Supplytime 2005
USD	The United States Dollar, the lawful currency of the United States of America
U.S. Securities Act	The U.S. Securities Act of 1933, as amended
VPS account	An account held with the VPS Register to register ownership of securities
VPS/VPS Register	Oslo Børs VPS Holding ASA, the Norwegian Central Securities Depository

APPENDIX A

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To the Board of Directors of MagSeis AS

INDEPENDENT AUDITOR'S REPORT

Report on the 2012, 2011 and 2010 Financial Statements

We have audited the financial statements of MagSeis AS included in the prospectus prepared in connection with the Company's initial public offering of common shares ("the Prospectus"). The company's financial statements comprise the statement of financial position as at 31 December 2012, 2011 and 2010, and the statement of comprehensive income, statement of changes in equity and cash flow statement for each of the years in the three-year period ended 31 December 2012, and a summary of significant accounting policies and other explanatory information. The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU.

The Board of Directors and the Managing Director's Responsibility for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements are prepared in accordance with the law and regulations and give a true and fair view of the financial position of MagSeis AS as at 31 December 2012, 2011 and 2010, and of its financial performance and cash flows for each of the years in the three year period ended 31 December 2012 in accordance with International Financial Reporting Standards as adopted by the EU.

Other matter

This Independent Auditor's Report has been prepared to report upon our audits related to the financial statements described above that are included in the Prospectus for the listing of MagSeis AS. We previously reported on the Company's financial statements for 2012 and issued our report dated 21 June 2013. The 2011 and 2010 financial statements were included in this document as comparative financial information. No audit procedures have been performed subsequent to that date.

Oslo, 15 May 2014
KPMG AS

Lone B. Frogner

Lone B. Frogner
State authorised public accountant

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