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JAPAN OR AUSTRALIA



Magseis ASA

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

Prospectus in connection with

Listing of 6,800,000 Placement Shares resolved in the Private Placement

Subsequent Offering and listing of up to 1,200,000 New Shares with non-transferrable Subscription Rights for Eligible Shareholders (as defined herein) at subscription price of NOK 12.50 per share

Subscription Period for the Subsequent Offering:
From and including 4 May 2016 to 16:30 (CET) on 18 May 2016

THE PLACEMENT SHARES, NEW SHARES AND THE SUBSCRIPTION RIGHTS HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). EACH U.S. SHAREHOLDER ON THE RECORD DATE WISHING TO SUBSCRIBE FOR NEW SHARES MUST PROVIDE A LETTER ATTACHED HERETO PROVIDING CERTIFICATION THAT IT IS EITHER (A) AN "ACCREDITED INVESTOR" AS DEFINED UNDER RULE 501(A) OF THE SECURITIES ACT, (B) A "QUALIFIED INSTITUTIONAL BUYER" (OR QIB) AS DEFINED UNDER RULE 144A OF THE SECURITIES ACT OR (C) A PERSON OTHER THAN A U.S. PERSON, AS THAT TERM IS DEFINED IN REGULATION S UNDER THE SECURITIES ACT. ONLY U.S. SHAREHOLDERS ON THE RECORD DATE WHO HAVE COMPLETED AND RETURNED THE CERTIFICATION ARE AUTHORIZED TO PARTICIPATE IN THE SUBSEQUENT OFFERING. THE NEW SHARES WILL NOT BE TRANSFERABLE EXCEPT IN ACCORDANCE WITH THE RESTRICTIONS DESCRIBED UNDER SECTION 6 "SELLING AND TRANSFER RESTRICTIONS". BY ACCEPTING THIS PROSPECTUS YOU AGREE TO BE BOUND BY THE FOREGOING INSTRUCTIONS. THE DISTRIBUTION OF THIS PROSPECTUS IN OTHER JURISDICTIONS MAY BE RESTRICTED BY LAW, AND PERSONS INTO WHOSE POSSESSION THIS PROSPECTUS COMES SHOULD INFORM THEMSELVES ABOUT, AND OBSERVE, ANY SUCH RESTRICTIONS. BY ACCEPTING THIS PROSPECTUS YOU AGREE TO BE BOUND BY THE FOREGOING INSTRUCTIONS. SEE "RISK FACTORS" IN SECTION 2 FOR A DISCUSSION OF CERTAIN MATTERS THAT SHOULD BE CONSIDERED IN CONNECTION WITH AN INVESTMENT IN THE NEW SHARES.

Arctic Securities AS (Sole Lead Manager and Bookrunner) and
SpareBank 1 Markets AS (Co-Manager)

3 May 2016



IMPORTANT INFORMATION

This Prospectus has been issued by Magseis ASA ("the Company") in order to provide information in connection with (I) the listing on Oslo Axess of 6,800,000 shares (the "Placement Shares") issued in the private placement announced on 31 March 2016 and resolved by the extraordinary general meeting of the Company ("EGM") on 29 April 2016 (the "Private Placement") and (II) the subsequent repair offering and listing of up to 1,200,000 new shares in the Company (the "New Shares"), with non-transferable subscription rights (the "Subscription Rights") that provide preferential rights to subscribe for and to be allocated New Shares at the Subscription Price (such offering of New Shares upon exercise of Subscription Rights, hereinafter the "Subsequent Offering") issuable to shareholders of the Company as of end of trading 31 March 2016 as registered with the VPS on 4 April 2016 (the "Record Date"), except for those shareholders who were not invited to participate, or applied for but were not allocated shares in the Private Placement and who are not resident in a jurisdiction where such offering would be unlawful or, for jurisdictions other than Norway, would require any prospectus, filing, registration or similar action (the "Eligible Shareholders") as described herein.

For the definitions of terms used throughout this Prospectus, see section 18 "Definitions and glossary".

Unless otherwise indicated or the context otherwise requires, all references in this Prospectus to "Magseis" or the "Company" are to Magseis ASA and all references to "Group" are to Magseis and its consolidated subsidiaries.

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 (approval date 3 May 2016) 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 Private Placement and the Subsequent Offering 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 information contained herein is as of the date hereof and subject to change, completion or amendment without notice.

There may have been changes affecting the Group subsequent to the date of this Prospectus. Any new material information and any material inaccuracy that might have an effect on the assessment of the Private Placement or New Shares arising after the publication of this Prospectus and before the listing will be published as a supplement to this Prospectus in accordance with section 7-15 of the Norwegian Securities Trading Act. Neither the delivery of this Prospectus nor the completion of the Private Placement or the Subsequent Offering at any time after the date hereof will, under any circumstances, create any implication that there has been no change in the Group's affairs since the date hereof or that the information set forth in this Prospectus is correct as of any time since its date.

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

Investing in the Company must be viewed as a high risk investment. Potential investors should carefully consider the risk factors set out in section 2 "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 Placement Shares, New Shares or the Subscription Rights are not, and are not expected to be, registered under the United States Securities Act of 1933, as amended ("U.S. Securities Act"). Please see section 6 "Notice and Transfer Restrictions". The distribution of this Prospectus may be restricted by law in certain jurisdictions. This Prospectus may not be used for the purpose of, and does not constitute, an offer to sell or issue, or a solicitation of an offer to buy or subscribe for, any securities in any jurisdictions in any circumstances in which such offer or solicitation is not lawful or authorized. The Company and the Managers require persons in possession of this Prospectus inform themselves about and to observe such restrictions. The Subscription Rights and the New Shares are being offered only in those jurisdictions in which, and only to those person to whom, offers and sales of the New Shares may lawfully be made. The New Shares have not been and will not be registered under the U.S. Securities Act, or under the securities laws of any state or other jurisdiction of the United States. The New Shares issued in connection with the Subsequent Offering may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with any applicable securities law of any state or other jurisdiction of the United States.

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1 SUMMARY

The following summary of the information and consolidated financial and other data appearing elsewhere in this Prospectus is qualified in its entirety by such more detailed information set forth elsewhere herein and in the documents incorporated hereto by reference, see section 17.2 "Incorporation by reference". This summary does not contain all of the information that may be important to potential investors and it should be read as an introduction to the Prospectus. Potential investors should review carefully the entire Prospectus, including the risk factors and the more detailed financial and other data included herein or incorporated hereto by reference, before making an investment decision (financial data is available on www.magseis.com).

Section A – Introduction and warnings		
A.1	Introduction and warnings	<p>This summary should be read as an introduction to the Prospectus.</p> <p>Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the relevant European Union member states, have to bear the costs of translating the Prospectus before the legal proceedings are initiated.</p> <p>Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.</p>
A.2	Resale and final placement by financial intermediates	Not applicable; no consent is granted by the Company to the use of the prospectus for subsequent resale or final placement of the Shares.
Section B – Issuer		
B.1	Legal and commercial name	Magseis ASA
B.2	Domicile and legal form, legislation and country	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. The Company's corporate registration number is 994 547 852. The Company's registered address is Dicks vei 10b, 1366 Lysaker, Norway.
B.3	Current operations principal activities	The Company has developed a technology which allows an ocean bottom cable ("OBC") 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 ocean bottom seismic ("OBS") surveys and consequently the costs. The Company works for leading oil and gas companies such as Chevron, Statoil and Petronas and with the Westcon Group as a partner, the Company is rapidly developing the organization in order to build an industry leading OBS company.

B.4 a	Significant trends	<ul style="list-style-type: none"> On 10 February Magseis announced that it has been awarded the largest project awarded to the Company since inception, by BGP for the provision of OBS acquisition services related to Saudi Aramco's S-78 survey in the Red Sea. The survey duration is estimated at 9 months and with a potential extension of 12 months. The survey is expected to commence during Q3 2016, securing backlog into Q2 2017. Magseis has entered into a pre-funding agreement of USD 8 million from BGP to assist the financing of required investments for the award. During March 2016 Magseis has received credit committee approval from The Norwegian Export Credit Guarantee Agency ("GIEK") for an equipment purchase loan facility of up to USD 4 million from Export Credit Norway. Final term sheet and loan documentation are still to be negotiated and is expected to be finalized by GIEK and Export Credit Norway within Q2 2016. <p>Other than what is described above, the Company is not aware of any trends, uncertainties, demands, commitments or events that could have a material effect on the Group's prospects for the current financial year.</p>																																																															
B.5	Description of Group	<p>The Group consists of Magseis ASA which is the parent company and the following subsidiaries:</p> <ul style="list-style-type: none"> Magseis Operations AS Magseis Technology AB Magseis Malaysia Sdn. Bhd. Magseis Singapore Services Pte. Ltd., Magseis Do Brasil Ltda 																																																															
B.6	Interests in the Company and voting rights	<p>The 20 largest shareholders in Magseis per 29 April 2016 are shown in the table below:</p> <table border="1" data-bbox="411 1249 1575 1964"> <thead> <tr> <th data-bbox="411 1249 1145 1285">Shareholder</th> <th data-bbox="1145 1249 1417 1285">Number of shares</th> <th data-bbox="1417 1249 1575 1285">% of total</th> </tr> </thead> <tbody> <tr><td data-bbox="411 1285 1145 1317">WESTCON GROUP AS</td><td data-bbox="1145 1285 1417 1317">5 328 103</td><td data-bbox="1417 1285 1575 1317">17,87</td></tr> <tr><td data-bbox="411 1317 1145 1348">ANFAR INVEST AS</td><td data-bbox="1145 1317 1417 1348">3 819 684</td><td data-bbox="1417 1317 1575 1348">12,81</td></tr> <tr><td data-bbox="411 1348 1145 1379">GEO INNOVA AS</td><td data-bbox="1145 1348 1417 1379">3 745 050</td><td data-bbox="1417 1348 1575 1379">12,56</td></tr> <tr><td data-bbox="411 1379 1145 1411">CLIPPER A/S</td><td data-bbox="1145 1379 1417 1411">1 538 409</td><td data-bbox="1417 1379 1575 1411">5,16</td></tr> <tr><td data-bbox="411 1411 1145 1442">BARRUS CAPITAL AS</td><td data-bbox="1145 1411 1417 1442">1 323 740</td><td data-bbox="1417 1411 1575 1442">4,44</td></tr> <tr><td data-bbox="411 1442 1145 1473">VPF NORDEA KAPITAL C/O JPMORGAN EUROPE</td><td data-bbox="1145 1442 1417 1473">1 200 787</td><td data-bbox="1417 1442 1575 1473">4,03</td></tr> <tr><td data-bbox="411 1473 1145 1505">SHELL TECHNOLOGY VEN NORDEA RE:NON-TREATY</td><td data-bbox="1145 1473 1417 1505">1 109 947</td><td data-bbox="1417 1473 1575 1505">3,72</td></tr> <tr><td data-bbox="411 1505 1145 1536">OP-EUROPE EQUITY FUN C/O CITIBANK NA</td><td data-bbox="1145 1505 1417 1536">944 249</td><td data-bbox="1417 1505 1575 1536">3,17</td></tr> <tr><td data-bbox="411 1536 1145 1568">GNEIS AS</td><td data-bbox="1145 1536 1417 1568">908 825</td><td data-bbox="1417 1536 1575 1568">3,05</td></tr> <tr><td data-bbox="411 1568 1145 1599">VERDIPAPIRFONDET KLP</td><td data-bbox="1145 1568 1417 1599">747 615</td><td data-bbox="1417 1568 1575 1599">2,51</td></tr> <tr><td data-bbox="411 1599 1145 1630">VPF NORDEA AVKASTNIN C/O JPMORGAN EUROPE</td><td data-bbox="1145 1599 1417 1630">745 412</td><td data-bbox="1417 1599 1575 1630">2,50</td></tr> <tr><td data-bbox="411 1630 1145 1662">EUROCLEAR BANK S.A./ 25% CLIENTS</td><td data-bbox="1145 1630 1417 1662">678 092</td><td data-bbox="1417 1630 1575 1662">2,27</td></tr> <tr><td data-bbox="411 1662 1145 1693">STOREBRAND VEKST JPMORGAN EUROPE LTD,</td><td data-bbox="1145 1662 1417 1693">577 159</td><td data-bbox="1417 1662 1575 1693">1,94</td></tr> <tr><td data-bbox="411 1693 1145 1724">STOREBRAND NORGE I JPMORGAN EUROPE LTD,</td><td data-bbox="1145 1693 1417 1724">519 698</td><td data-bbox="1417 1693 1575 1724">1,74</td></tr> <tr><td data-bbox="411 1724 1145 1756">INVESCO PERP EUR SMA BNY MELLON SA/NV</td><td data-bbox="1145 1724 1417 1756">500 000</td><td data-bbox="1417 1724 1575 1756">1,68</td></tr> <tr><td data-bbox="411 1756 1145 1787">KOMMUNAL LANDSPENSJO</td><td data-bbox="1145 1756 1417 1787">495 780</td><td data-bbox="1417 1756 1575 1787">1,66</td></tr> <tr><td data-bbox="411 1787 1145 1818">MP PENSJON PK</td><td data-bbox="1145 1787 1417 1818">484 020</td><td data-bbox="1417 1787 1575 1818">1,62</td></tr> <tr><td data-bbox="411 1818 1145 1850">WESTMAR AS</td><td data-bbox="1145 1818 1417 1850">320 400</td><td data-bbox="1417 1818 1575 1850">1,07</td></tr> <tr><td data-bbox="411 1850 1145 1881">NORDEA 1 SICAV 562 R NORDEA LUX LENDING A</td><td data-bbox="1145 1850 1417 1881">275 352</td><td data-bbox="1417 1850 1575 1881">0,92</td></tr> <tr><td data-bbox="411 1881 1145 1912">INVESCO FUNDS BNY MELLON (LUXEMBOURG)</td><td data-bbox="1145 1881 1417 1912">270 000</td><td data-bbox="1417 1881 1575 1912">0,91</td></tr> </tbody> </table>	Shareholder	Number of shares	% of total	WESTCON GROUP AS	5 328 103	17,87	ANFAR INVEST AS	3 819 684	12,81	GEO INNOVA AS	3 745 050	12,56	CLIPPER A/S	1 538 409	5,16	BARRUS CAPITAL AS	1 323 740	4,44	VPF NORDEA KAPITAL C/O JPMORGAN EUROPE	1 200 787	4,03	SHELL TECHNOLOGY VEN NORDEA RE:NON-TREATY	1 109 947	3,72	OP-EUROPE EQUITY FUN C/O CITIBANK NA	944 249	3,17	GNEIS AS	908 825	3,05	VERDIPAPIRFONDET KLP	747 615	2,51	VPF NORDEA AVKASTNIN C/O JPMORGAN EUROPE	745 412	2,50	EUROCLEAR BANK S.A./ 25% CLIENTS	678 092	2,27	STOREBRAND VEKST JPMORGAN EUROPE LTD,	577 159	1,94	STOREBRAND NORGE I JPMORGAN EUROPE LTD,	519 698	1,74	INVESCO PERP EUR SMA BNY MELLON SA/NV	500 000	1,68	KOMMUNAL LANDSPENSJO	495 780	1,66	MP PENSJON PK	484 020	1,62	WESTMAR AS	320 400	1,07	NORDEA 1 SICAV 562 R NORDEA LUX LENDING A	275 352	0,92	INVESCO FUNDS BNY MELLON (LUXEMBOURG)	270 000	0,91
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B.7 Selected historical key financial information

The following historical financial data has been extracted from the audited 2014 and 2015 consolidated financial statements of the Company.

	2015	2014
Operating revenues (USD thousand)	40 671	56 606
Earnings before Interest, Taxes, Depreciation and Amortization (USD thousand)	-2 347	5 077
Net income (USD thousand)	-16 510	-5 379
Book equity (end of period) (USD thousand)	53 661	62 421
Basic earnings/loss per share	-0.58	-0.21
Diluted earnings/loss per share	-0.58	-0.21
Book equity per share (end of period)	1.8	2.26
Equity ratio (%) end of period	73.7%	76.1%
Annualized return on equity (%)	-55.4	-19.8
Number of employees	77	58
Dividend per share	0	0

The audited consolidated financial statements of Magseis for the financial year 2015 and 2014 have been prepared in accordance with IFRS and IFRS Interpretations Committee ("IFRIC") interpretations, as approved by the EU. For further information, refer to section 10 in the Prospectus.

The tables below sets out a summary of financial information extracted from Magseis' audited consolidated information for the years ended 31 December 2014 and 2015.

<i>In thousands of USD</i>	Year end 2015	Year end 2014
REVENUE AND OTHER INCOME	40 671	56 606
OPERATING EXPENSES		
Cost of sales	31 427	39 217
Research and development expenses	2 056	1 591
Selling, general and administrative costs	7 569	7 767
Other expenses	1 966	2 954
Depreciation	9 193	7 147
Amortisation	3 978	460
Impairment	119	1 119
Total operating expenses	56 308	60 255
OPERATING PROFIT (LOSS)	-15 637	-3 649
FINANCIAL INCOME AND EXPENSES		
Finance income	283	3 784

Finance costs	-717	-5 514
Net finance costs	-434	-1 730
<hr/>		
NET PROFIT (LOSS) BEFORE TAX	-16 071	-5 379
<hr/>		
Income tax expense	439	0
<hr/>		
NET PROFIT (LOSS)	-16 510	-5 379
<hr/>		
Basic earnings (loss) per share (in USD)	-0.58	-0.21
Diluted earnings (loss) per share (in USD)	-0.58	-0.21
<hr/>		
OTHER COMPREHENSIVE INCOME		
Currency exchange differences	0	-1 155
<hr/>		
Total comprehensive income (loss) for the year, attributable to	-16 510	-6 534

Consolidated balance sheet information:

<i>In thousands of USD</i>	Year end 2015	Year end 2014
<i>Non-current assets</i>		
Equipment	47 346	46 346
Multi-client library	877	0
Intangible assets	3 543	1 939
Investment in subsidiaries	0	0
Total non-current assets	51 766	48 285
<hr/>		
<i>Current assets</i>		
Cash and cash equivalents	11 435	21 591
Trade receivables	2 693	7 621
Other current assets	6 936	4 524
Total current assets	21 064	33 736
<hr/>		
TOTAL ASSETS	72 830	82 021
<hr/>		
<i>Equity and liabilities</i>		
Shareholders' equity		
Share capital	254	237
Share premium	90 945	83 755
Other equity	2 630	2 039
Retained earnings	-35 045	-18 487
Currency translation reserve	-5 123	-5 123
Total equity attributable to equity holders of the Company	53 661	62 421

TOTAL EQUITY	53 661	62 421
LIABILITIES		
<i>Non-current liabilities</i>		
Obligation under finance lease	1 891	2 739
Other non-current financial liabilities	4 402	1 369
Total non-current liabilities	6 293	4 108
<i>Current liabilities</i>		
Trade payables	7 607	8 050
Current tax payable	212	0
Current portion of obligations under finance lease	848	761
Other current liabilities	4 209	6 681
Total current liabilities	12 876	15 492
TOTAL LIABILITIES	19 169	19 600
TOTAL EQUITY AND LIABILITIES	72 830	82 021

Consolidated cash flow information:

<i>In thousands of USD</i>	Year end 2015	Year end 2014
Cash flows from operating activities		
Profit / (Loss) before tax	-16 071	-5 379
Adjustment for:		
Income tax paid	-245	-34
Deferred lease discount amortisation	-460	-498
Depreciation and amortisation	13 171	7 607
Impairment	119	1 119
Fair value adjustment convertible loan	0	550
Share based payments expense	591	995
Interest expense	595	454
Interest income	-49	-242
Working capital adjustments:		
(Increase) / decrease in current assets	2 487	103
Increase / (decrease) in trade and other	-3 763	1 273
	-1 276	1 376
Net cash from operating activities	-3 625	5 948

		<p>Cash flows from investing activities</p> <table> <tr> <td>Interest received</td> <td>49</td> <td>242</td> </tr> <tr> <td>Acquisition of equipment</td> <td>-10 133</td> <td>-13 403</td> </tr> <tr> <td>Payments for capitalised development and Multi-client library investments</td> <td>-1 389</td> <td>-198</td> </tr> <tr> <td></td> <td>-4 383</td> <td>0</td> </tr> <tr> <td>Net cash used in investing activities</td> <td>-15 856</td> <td>-13 359</td> </tr> </table> <p>Cash flows from financing activities</p> <table> <tr> <td>Proceeds from loan</td> <td>3 310</td> <td>5 200</td> </tr> <tr> <td>Payment of finance lease obligation</td> <td>-761</td> <td>-685</td> </tr> <tr> <td>Proceeds from issue of share capital</td> <td>7 469</td> <td>20 163</td> </tr> <tr> <td>Expenses related to issue of share capital</td> <td>-281</td> <td>-934</td> </tr> <tr> <td>Interest paid</td> <td>-412</td> <td>-454</td> </tr> <tr> <td>Net cash from financing activities</td> <td>9 325</td> <td>23 290</td> </tr> </table> <table> <tr> <td>Net change in cash and cash</td> <td>-10 165</td> <td>15 879</td> </tr> <tr> <td></td> <td>21 591</td> <td>6 867</td> </tr> <tr> <td></td> <td>0</td> <td>-1 155</td> </tr> <tr> <td>Cash and cash equivalents at period end</td> <td>11 435</td> <td>21 591</td> </tr> </table>	Interest received	49	242	Acquisition of equipment	-10 133	-13 403	Payments for capitalised development and Multi-client library investments	-1 389	-198		-4 383	0	Net cash used in investing activities	-15 856	-13 359	Proceeds from loan	3 310	5 200	Payment of finance lease obligation	-761	-685	Proceeds from issue of share capital	7 469	20 163	Expenses related to issue of share capital	-281	-934	Interest paid	-412	-454	Net cash from financing activities	9 325	23 290	Net change in cash and cash	-10 165	15 879		21 591	6 867		0	-1 155	Cash and cash equivalents at period end	11 435	21 591
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B.8	Selected pro forma financial information	Not applicable. This Prospectus does not contain any pro forma financial information.																																													
B.9	Profit forecast or estimate	Not applicable. The Company has not provided a profit forecast or estimate in this Prospectus.																																													
B.10	Audit report qualifications	The Company's auditor is KPMG. KPMG has audited the Company's annual accounts for the fiscal years ended 31 December 2014 and 2015, and all audit opinions have been issued without qualifications.																																													
B.11	Sufficient 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 for at least the next twelve months.																																													
Section C – Securities																																															
C.1	Type and class of securities admitted to trading and identification number	Magseis has issued one class of shares. Each of the Shares carries one vote and all shares provide equal rights in the Company. The Company's shares have been created under the Norwegian Public Limited Companies Act and are registered in book-entry form with the VPS under the International Securities Identification Number ("ISIN") NO 0010663669.																																													
C.2	Currency of issue	The Shares are issued in Norwegian Kroner ("NOK").																																													

C.3	Number of issued shares and par value	At the date of the Prospectus the issued share capital is NOK 1,490,900.70 represented by 29,818,014 Shares each with a nominal value of NOK 0.05.
C.4	Rights attaching to the shares	The Shares are equal in all respects, including the right to dividend; voting rights; rights to share in the issuer's profit; rights to share in any surplus in the event of liquidation; redemption provisions; reserves or sinking fund provisions; liability to further capital calls by the issuer; and any provision discriminating against or favouring any existing or prospective holder of such securities as a result of such shareholder owning a substantial number of shares. Each Share carries one vote at the Company's general meeting.
C.5	Restriction on transfer	The shares are freely transferrable and, subject to the Articles of the Company and any applicable securities law, there are no restrictions in the Company's securities.
C.6	Admission to trading	<p>The Company's shares are listed on Oslo Axess.</p> <p>Both the Placement Shares and the New Shares will be subject to admission to trading on Oslo Axess.</p> <p>Assuming timely payment by all subscribers, the Company expects that the New Shares will be listed on Oslo Børs on or about 29 May 2016.</p> <p>The Company expects the Placement Shares to be listed on Oslo Axess on or about 4 May 2016.</p> <p>Neither the New Shares nor the Placement Shares will be sought admitted to trading on any other regulated market than Oslo Axess.</p>
C.7	Dividend policy	<p>The payment of dividends going forward will 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 may consider relevant.</p> <p>The Company has not paid any dividends since incorporation.</p>
Section D – Risks		
D.1	Key risks relating to the issuer and its business	<p>The Company's contract backlog after Q2 2017 is less certain and there is a risk that the Company will not be able to enter into new contracts in order to utilize the one vessel currently used by the Company and that any new contracts may not be on terms satisfactory.</p> <p>Should the purpose made vessel experience material damage, or be subject to a total loss, there is a risk of suspension of the operations of the Company.</p> <p>There are risks associated with off-hire periods, upgrade and repairs of the purpose made vessel.</p>

		<p>The demand for the Company's services may be affected as volatile the low oil and gas prices due to reasons beyond the Company's control may affect the activity level by oil and gas companies.</p> <p>The Company may from time to time be subject to contractual disputes, commercial disagreements etc.</p> <p>Contracts within the offshore sector are associated with considerable risks and responsibilities, including but not limited to health, safety and the environment.</p> <p>The Company cannot be certain that financing of the contract for the Saudi Aramco project will be available on acceptable terms or at all. The fair value of the Company's self-developed OBS-system may decrease and be subject to impairments.</p> <p>The Company faces risks related to third party claiming that the patents (registered or pending) of the Company violate such third party's intellectual property rights.</p> <p>The Company's success is dependent on the continued service and performance of its key personnel.</p> <p>The Company is influenced in general by the economic situation in the market in which the Company operates.</p>
D.3	Key risks relating to the Shares	<p>The trading price of the Shares could fluctuate significantly in response to a number of factors beyond the Company's control.</p> <p>Future issuances of shares or other securities may dilute the holdings of shareholders and could materially affect the price of the Shares.</p> <p>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.</p> <p>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 in such jurisdictions unless an exemption is available.</p>
Section E – The Offer		

E.1	Net proceeds and estimated expenses	The transaction costs of the Company related to the Private Placement and the Subsequent Offering are estimated at approximately NOK 4,5 million, assuming the Subsequent Offering is fully subscribed, and accordingly the net proceeds of the Private Placement and the Subsequent Offering will be approximately NOK 95,5 million, assuming the Subsequent Offering will be fully subscribed. No expenses or taxes are charged to the subscribers in the Private Placement or the Subsequent Offering by the Company or the Managers.														
E.2a	Reasons for the offer, use of proceeds, estimated net amount of the proceeds.	The Company decided to conduct the Private Placement and the Subsequent Offering in order to strengthen its financial position. The Company has recently been awarded by BGP Arabia a contract to conduct a survey for Saudi Aramco as described in the stock exchange release of 10 February 2016. The net proceeds from the Private Placement and the Subsequent Offering will be used for equipment purchase and other investments, enabling execution of the abovementioned contract recently awarded by BGP Arabia and general corporate purposes. The net proceeds are estimated to NOK 95.5 million assuming the full amount of the Subsequent Offering is raised.														
E.3	A description of the terms and conditions of the offer.	<p>On 1 April 2016, the Company raised NOK 85 million in gross proceeds through a Private Placement of 6,800,000 Placement Shares, each with a par value of NOK 0.05 and a subscription price of NOK 12.50 per Placement Share. The Private Placement was directed towards existing shareholders, other Norwegian and international investors in each case comprised by an exemption from offer prospectus requirements and any other filing or registration requirements in the applicable jurisdictions and subject to other selling restrictions (except for the listing prospectus requirement). The Private Placement was approved by the EGM on 29 April 2016.</p> <table border="1" data-bbox="544 1279 1362 1998"> <tr> <td data-bbox="550 1279 938 1424">Number of Shares in the Private Placement:</td> <td data-bbox="943 1279 1356 1424">The Private Placement comprised the issuance of 6,800,000 Placement Shares, each with a par value of NOK 0.05</td> </tr> <tr> <td data-bbox="550 1431 938 1541">Subscription Price:</td> <td data-bbox="943 1431 1356 1541">The Subscription Price for the Placement Shares was set at NOK 12.50 per Share</td> </tr> <tr> <td data-bbox="550 1547 938 1693">Bookbuilding Period:</td> <td data-bbox="943 1547 1356 1693">Start of Bookbuilding Period: 31 March 2016 at 15:00 CET. End of Bookbuilding period: 1 April 2016 at 08:00 CET</td> </tr> <tr> <td data-bbox="550 1700 938 1733">Notification of allocation:</td> <td data-bbox="943 1700 1356 1733">1 April 2016</td> </tr> <tr> <td data-bbox="550 1740 938 1774">Payment date:</td> <td data-bbox="943 1740 1356 1774">3 May 2016</td> </tr> <tr> <td data-bbox="550 1780 938 1890">Registration of share capital increase:</td> <td data-bbox="943 1780 1356 1890">The share capital increase was registered in the Company Register on or about 4 May 2016.</td> </tr> <tr> <td data-bbox="550 1897 938 1998">Delivery of Placement Shares:</td> <td data-bbox="943 1897 1356 1998">The Placement Shares will be delivered on or about 4 May 2016</td> </tr> </table>	Number of Shares in the Private Placement:	The Private Placement comprised the issuance of 6,800,000 Placement Shares, each with a par value of NOK 0.05	Subscription Price:	The Subscription Price for the Placement Shares was set at NOK 12.50 per Share	Bookbuilding Period:	Start of Bookbuilding Period: 31 March 2016 at 15:00 CET. End of Bookbuilding period: 1 April 2016 at 08:00 CET	Notification of allocation:	1 April 2016	Payment date:	3 May 2016	Registration of share capital increase:	The share capital increase was registered in the Company Register on or about 4 May 2016.	Delivery of Placement Shares:	The Placement Shares will be delivered on or about 4 May 2016
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		Trading of the Placement Shares:	First day of trading on the Oslo Axess for the Placement Shares is on or about 4 May 2016 subject to approval of this Prospectus and admittance for the Placement Shares to trading on the Oslo Axess
		Number of Shares pre Private Placement:	29,818,014, each Share with a par value of NOK 0.05
		Number of Shares post Private Placement:	36,618,014, each Share with a par value of NOK 0.05
		Gross proceeds from the Private Placement:	NOK 85 million
		Rights of the Placement Shares:	The Placement Shares are in all respects equal to the ordinary shares of the Company
		Dilution:	The percentage of immediate dilution resulting from the Private Placement for the Company's shareholders is approximately 18.6 per cent.
		<p>On the EGM held on 29 April 2016 it was resolved to conduct a Subsequent Offering of 1,200,000 New Shares.</p> <p>The Subsequent Offering is directed towards shareholders in the Company as of 31 March 2016 who were not invited to participate, or applied for but were not allocated shares in the Private Placement, and who are not resident in a jurisdiction where such offering would be unlawful or, for jurisdictions other than Norway, would require any prospectus, filing, registration or similar action. Such shareholders were granted non-transferable preferential rights to subscribe for, and, upon subscription, be allocated new shares.</p> <p>Below is an overview of the terms and timetable for the Subsequent Offering (subject to final resolution by the Board):</p>	
		Number of New Shares in the Subsequent Offering:	The Subsequent Offering comprises up to 1,200,000 New Shares to be issued, each with a par value of NOK 0.05.
		Subscription Price:	NOK 12.50 per New Share, equal to the Subscription Price in the Private Placement.
		Subscription Period:	Commences on 4 May 2016 and ends on 18 May 2016 at 16.30 (CET).
		Eligible Shareholders:	Shareholders in the Company as of 31 March 2016, who were not invited to participate, or applied

			for but were not allocated shares in the Private Placement and who are not residents in a jurisdiction where such offering would be unlawful or, for jurisdictions other than Norway, would require any prospectus, filing, registration or similar action
		Subscription Rights:	0.30085 Subscription Right for each Share held as of 31 March 2016. The holders of Subscription Rights will be entitled to subscribe for one New Share for every Subscription Right held within the end of the Subscription Period.
		Allocation date:	Allocation of New Shares is expected to take place on or about 18 May 2016.
		Allocation criteria:	The allocation of New Shares will be made applying the following criteria: New Shares shall be allocated on the basis of used Subscription Rights. If the subscriptions rights are not fully exercised and the share issue is oversubscribed not based on the subscription right, the shares which are subscribed and not based on Subscription rights shall be allocated pro rata to such subscriptions.
		Payment date:	Payment for the New Shares falls due on 20 May 2016.
		Delivery date:	Assuming that payments from all Subscribers are made when due, delivery of the New Shares is expected to take place on or about 29 May 2016. Assuming that payments from all subscribers are made when due, it is expected that the share capital increase will be registered in the Company Register on or about 29 May 2016.
		Trading of New Shares:	The first day of trading on Oslo Axess is expected to be on or about 29 May 2016.
		Number of Shares before the Subsequent Offering:	Following the registration of the Placement Shares to be issued in

			the Private Placement the number of Shares will be 36,618,014, each at a par value of NOK 0.05.
		Number of Shares after the Subsequent Offering:	Up to 37,818,014.
		Gross proceeds from the Subsequent Offering:	Up to NOK 15 million.
		Rights of the New Shares:	The New Shares are in all respects equal to the ordinary shares of the Company.
E.4	Material and conflicting interests.	<p>The Private Placement and the Subsequent Offering is being managed by Arctic Securities AS as Sole Lead Manager and Bookrunner and SpareBank 1 Markets AS as Co-Manager, and receives fees and commission in this regard.</p> <p>The Managers and its affiliates are currently providing, and may provide in the future, investment and commercial banking services to the Company and its affiliates in the ordinary course of business, for which they may receive and may continue to receive customary fees and commissions. The Managers, its employees and any affiliate may currently own Shares in the Company. Beyond the abovementioned, the Company is not aware of any interest of any natural or legal persons involved in the Private Placement or the Subsequent Offering that may have conflicting interest.</p>	
E.5	Selling shareholders and lock-up agreements	There are no selling Shareholders in the Subsequent Offering and no lockup on the New Shares.	
E.6	Dilution resulting from the Subsequent Offering	<p>Assuming full subscription in the Subsequent Offering, a total of 8,000,000 new Shares will be issued in the Private Placement and the Subsequent Offering, resulting in a dilution of approximately 21.2 % for existing shareholders who did not participate in the Private Placement or the Subsequent Offering.</p> <p>Taking into account the Placement Shares, the percentage of immediate dilution resulting from the Subsequent Offering for Mageis' shareholders is expected to amount to approximately 3.2% if all New Shares are issued.</p>	
E.7	Estimated expenses charged to investor	Not applicable. The Company will not charge any costs, expenses or taxes directly to any shareholder or to the investor in connection with the Private Placement and Subsequent Offer.	

2 RISK FACTORS

Investing in Magseis 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 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

Risks regarding dependence on contracts and employment of the Vessel

The Company's contract backlog after Q2 2017 is less certain and there is a risk that the Company will not be able to enter into new contracts in order to utilize the one vessel (the "Vessel") currently used by the Company and any new contracts may not be on terms satisfactory to the Company, all of which may have a negative effect on the Company's operations and financial position.

Risks associated with material damage or total loss of Vessel

Currently, the Company only has access to the Vessel which is purpose made for the Company. Should the Vessel experience material damage, or should the Vessel be subject to a total loss, any alternative vessels or a reconstruction of the Vessel may not be available or possible, may only be available or possible against a financially unacceptable cost, or may only be available or possible sometime in the distant future. As a consequence, the operations of the Company may be suspended for a long time, which in turn would have a substantial negative effect on the Company's financials and future prospects.

Risks associated with off-hire periods, upgrade and repairs of Vessel

Going forward, the Company will from time to time incur upgrade and repair costs related to the Vessel (or any other vessel which may be leased or owned by the Company), and off-hire periods relating to steaming or other circumstances. Such off-hire periods, upgrades and repairs may have a negative effect on revenues and earnings, and may become more expensive and take longer to conclude than anticipated.

Risks related to low oil and gas prices

The Company's 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 are affected by a range of factors outside the control of the Company. The current oil and gas prices have resulted in reduced activity level by oil and gas companies and it is expected that a situation with continued prices for oil and gas on current levels will lead to a further reduction, which will have a direct effect on the demand for the Company's services, which in turn could have a material adverse effect on the Company's earnings, cash flow and financial position.

Commercial disagreements and disputes

In the ordinary course of business the Company may from time to time be subject to contractual disputes, commercial disagreements etc. 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 the Company may become liable towards the customer. Further, the quality of data produced by the self-developed OBS-system and the time-range agreed between the Company and its

counterparts is highly dependent on weather conditions, water quality and other factors that are beyond the Company's control and may lead to negotiations and disputes with the counterparts. The Company cannot predict with certainty the outcome or effect of such matters and any disputes could result in management being required to spend time and resources on the dispute which should have been spent on the operations of the Company.

It should also 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 the Company, which could have a material adverse effect on the Company's financial position.

As disclosed 10 February 2016, the Company has, together with its partner BGP, been awarded Saudi Aramco's S78 project for large-scale ocean bottom seismic acquisition in the Red Sea. In order to enable execution of the contract, the Company will have to make certain investments which will be financed partly by pre-payments under the service contract, the proceeds from the Private Placement and potential export credit or other loans. The Company has received credit committee approval from GIEK for an equipment loan facility of up to USD 4 million. Although the Company expects to be capable of raising the required financing, the Company cannot be certain that financing will be available on acceptable terms or at all. If financing is not available when needed, or is available only on unfavorable terms, the Company may be unable to make the required investments in order to execute the contract for the Saudi Aramco project.

The fair value of the Company's self-developed OBS-system may decrease and be subject to impairments

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, the Company may have to recognize impairments. Future impairments may affect the Company's ability to raise new financing required for future business and in general have a material adverse impact on the Company's financial condition.

Risks related to competition

The Company operates in a global business which is highly competitive. Many competitors of the Company have significantly greater resources compared to the resources of the Company. The market in which the Company operates is further subject to rapid and substantial technological change, and developments by others may render the technology and business models of the Company obsolete or non-competitive, which would have a material adverse effect on the Company's operations, financial condition and future prospects. It should be expected that competitors will continuously try to decrease the Company's competitive advantages.

Intellectual Property Rights

The Company has developed a patent portfolio which is important to the Company's operations and business. No assurances can be given that no third party claims that the patents (registered or pending) of the Company violate such third party's intellectual property rights. If such claims are made, the Company 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 the Company. Any adverse outcome of such disputes could also have a material adverse effect on the operations, business and financial condition of the Company.

Dependence on key personnel

The Company's 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 the Company's operations and future prospects.

Risk of war and terrorist attacks

The Company 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 The Company 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 the Company's business and results in the future.

Operations in different jurisdictions

The Company operates in different jurisdictions and in a regulated industry, and noncompliance with regulations could expose us to fines, penalties and other liabilities and negative consequences. Additionally, changes in laws or regulations in the jurisdictions in which we operate could cause us to incur significant costs and expenses to comply with such laws or regulations.

2.2 FINANCIAL RISKS

Risk of not being able to obtain required financing

If the Company fails to renew or enter into a new contract or if the financial condition of the Company for any other reason becomes distressed, the Company may need to raise additional equity and/or debt financing to continue operations. No assurance can be given that the Company 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 equity and/or debt financing on attractive terms, or at all.

Currency exchange risks

The Company prepares its financial statements in USD. New tenders and contracts awarded with customers are usually in USD. However, due to significant fluctuations in the exchange rates between USD and other, main currencies, the Company faces currency risk related to sales and purchases as customers who do not have USD as their functional currency may find it difficult to offer prices in USD that are attractive to the Company.

Funding of expansion and/or new equipment

Any expansion and investment by the Company related to increased number of crews, new vessels, new equipment or an increased number of employees may require separate financing. Such financing may not be available or only available at unattractive terms, in which case it may not be possible for the Company to carry out an expansion which otherwise would have been in the interest of the Company and beneficial for the shareholders.

Tax risk

The Company is subject to income tax in Norway and other jurisdictions. The Company may face tax audits and investigations by both domestic and foreign tax authorities and the outcome of any audit could have negative impact on its operating and financial conditions.

2.3 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.

2.4 RISK FACTORS RELATING TO THE SHARES

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. 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 the Company. Those changes may occur without regard to the operating performance of these companies. The price of the Shares may therefore fluctuate based upon factors that have little or nothing to do with the Company business and its operations, and these fluctuations may materially affect the price of the Shares.

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

In the future, it is possible that the Company may 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.

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, or unless the Board waives such rights in accordance with an authorization granted by the shareholders. These pre-emptive rights are generally transferrable during the subscription period for the related offering and may be quoted on Oslo Børs.

Shareholders 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 or may not be sold on behalf of such shareholders and such shareholders may or may not receive any profits from such sale, and any profit will under any circumstance depend on the prevailing market prices for the pre-emptive rights. In addition, such Shareholders' proportionate shareholding in the Company will be diluted.

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.

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 or substantially all of the Company's assets and all or substantially all of the assets of the Company's directors and executive officers are assumed to be 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 judgments obtained in the United States courts against the Company or such persons in the

United States, including judgments 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.

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.

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.

Major Shareholders may exert significant influence

As at the date of this Prospectus, certain Shareholders, including, but not limited to, Westcon Group AS, Geo Innova AS, Anfar Invest AS and Gneis AS control a significant percentage of the share capital. 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 the Company and the other shareholders of the Company.

2.5 OTHER RISKS

The Company is influenced in general by the economic situation in the market in which the Company operates. The global economy and the global financial markets have been characterized by substantial uncertainty and problems of historical enormity since early 2007. A downturn, 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 the Company's business, revenue, financial position and equity. The exact effects on the Company are very uncertain and not possible to describe in any precise manner as at the date of this Prospectus.

3 RESPONSIBILITY FOR THE PROSPECTUS

The Board of Directors of Magséis

The Board of Directors accepts responsibility for the information contained in this Prospectus. The Board of Directors 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.

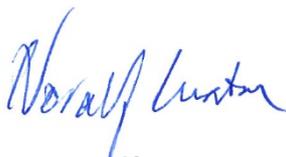
Oslo, 3 May 2016

The Board of Directors of Magséis ASA



Anders Farestveit

Chairman



Noralf Matre

Non-executive Director



Jan B. Gateman

Director and Senior Vice
President



Bettina R. Bachmann

Non-executive Director



Mari Thjømøe

Non-executive Director

4 GENERAL INFORMATION

4.1 NOTICE REGARDING FORWARD-LOOKING STATEMENTS

This Prospectus includes “forward-looking” statements, including, without limitation, projections and expectations regarding the Group’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 Group or the 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 Group, 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 Group’s present and future business strategies and the environment in which the Group will operate. Factors that could cause the Group’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 Group operate;
- access to capital;
- global and regional economic conditions;
- government regulations;
- changes in political events; and
- force majeure events.

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

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”. Further, forward-looking statements are included in sections 4, 5, 7, 8, 11, 12 and 13.

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

4.2 PRESENTATION OF FINANCIAL INFORMATION AND OTHER INFORMATION

4.2.1 Financial information

The Group’s audited consolidated financial statements as of, and for the years ended, 31 December 2015 and 2014 have been prepared in accordance with the International Financial Reporting Standards, as adopted by the EU (“IFRS”). The Group’s audited consolidated financial statements as of, and for the years ended, 31 December 2015 and 2014 are together referred to as the “Audited Financial Statements” or “Financial Statements” and incorporated by reference to this Prospectus. The Audited Financial Statements have been audited by KPMG, as set forth in their auditor’s report included herein.

The Company presents the Financial Statements in USD (presentation currency) rounded to the nearest thousands.

4.2.2 Industry and market data

This Prospectus contains statistics, data, statements and other information relating to markets, market sizes, market shares, market positions and other industry data pertaining to the Group’s business and the industries and markets in which it operates. Unless otherwise indicated, such information reflects the Group’s estimates based on analysis of multiple sources, including data compiled by professional

organisations, consultants and analysts and information otherwise obtained from other third party sources, such as annual and interim financial statements and other presentations published by listed companies operating within the same industry as the Group, as well as the Group's internal data and its own experience, or on a combination of the foregoing. Unless otherwise indicated in this Prospectus, the basis for any statements regarding the Group's competitive position is based on the Company's own assessment and knowledge of the market in which it operates.

The Company confirms that where information has been sourced from a third party, such information has been accurately reproduced and that as far as the Company is aware and is able to ascertain from information published by that third party, 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. The Company does not intend, and does not assume any obligations to, update industry or market data set forth in this Prospectus.

Industry publications or reports generally state that the information they contain has been obtained from sources believed to be reliable, but the accuracy and completeness of such information is not guaranteed. The Company has not independently verified and cannot give any assurances as to the accuracy of market data contained in this Prospectus that was extracted from these industry publications or reports and reproduced herein. Market data and statistics are inherently predictive and subject to uncertainty and not necessarily reflective of actual market conditions. Such statistics are based on market research, which itself is based on sampling and subjective judgments by both the researchers and the respondents, including judgments about what types of products and transactions should be included in the relevant market. As a result, prospective investors should be aware that statistics, data, statements and other information relating to markets, market sizes, market shares, market positions and other industry data in this Prospectus and projections, assumptions and estimates based on such information may not be reliable indicators of the Group's future performance and the future performance of the industry in which it operates. Such indicators are necessarily subject to a high degree of uncertainty and risk due to the limitations described above and to a variety of other factors, including those described in section 2 "Risk factors" and elsewhere in this Prospectus.

4.2.3 Rounding

Certain figures included in this Prospectus have been subject to rounding adjustments (by rounding to the nearest whole number or decimal or fraction, as the case may be). Accordingly, figures shown for the same category presented in different tables may vary slightly. As a result of rounding adjustments, the figures presented may not add up to the total amount presented.

5 THE PRIVATE PLACEMENT AND THE SUBSEQUENT OFFERING

5.1 THE PURPOSE OF THE PRIVATE PLACEMENT AND THE SUBSEQUENT OFFERING AND USE OF PROCEEDS

The Company decided to conduct the Private Placement and the Subsequent Offering in order to strengthen its financial position. The Company has recently been awarded by BGP Arabia a contract to conduct a survey for Saudi Aramco as described in the stock exchange release of 10 February 2016. The net proceeds from the Private Placement and the Subsequent Offering will be used for equipment purchase and other investments, enabling execution of the abovementioned contract recently awarded by BGP Arabia and general corporate purposes. The net proceeds are estimated to NOK 95.5 million assuming the full amount of the Subsequent Offering is raised.

5.2 THE PRIVATE PLACEMENT

5.2.1 Overview of the Private Placement

On 31 March 2016, the Company announced a contemplated private placement of NOK 60-85 million. The Private Placement was directed to towards existing shareholders and other Norwegian and international investors in each case comprised by an exemption from offer prospectus requirements and any other filing or registration requirements in the applicable jurisdictions and subject to other selling restrictions (except for the listing prospectus requirement) to participate in a book-building process in the Private Placement. On 1 April 2016, prior to opening on Oslo Børs, the Company completed such book-building process for the issuance of 6,800,000 Shares at a Subscription Price of NOK 12.50 per Placement Share in the Private Placement, all subject to, inter alia, approval by the EGM.

The Board allocated the Placement Shares to investors based on consultations with the Managers. The allocation principles, in accordance with normal practice for institutional placements, included criteria such as timeliness of the application, price leadership, relative order size, sector knowledge, perceived investor quality, investment horizon and existing shareholding in the Company.

The Board of Directors decided to set aside the Shareholders' preferential right to subscribe for Shares. Investors who were allocated Placement Shares in the Private Placement accepted not to receive Subscription Rights in the Subsequent Offering.

In a board meeting held on 6 April 2016, the Company's Board of Directors resolved to call for an extraordinary general meeting of the Company which was to be held on 29 April 2016. The Board proposed to approve the issuance of the Placement Shares and thereby to set aside existing shareholders' pre-emptive rights for subscription of new shares. The Board believes that this is in the best interest of the Company and the shareholders reducing the time period from the transaction until the Company receives funds is imperative inter alia a) in order to ensure capital to be used in connection with the execution of the contract awarded by BGP Arabia as described above, and (b) in order to raise funding for general purposes. The Board is of the opinion that the Private Placement will allow the Company to raise capital more quickly and, at a lower discount compared to a rights issue. Further, the Board is of the opinion that the, in the current market situation, a private placement has a larger possibility of success than a rights issue.

Further, in order to give shareholders who did not participate in the Private Placement the possibility to subscribe Shares at the same price as applicable to the Private Placement, the Board proposed to carry out a subsequent share issue.

At the EGM the issuance of the Placement Shares as well as the Subsequent Offering were approved. The EGM passed the following resolution to increase the Company's share capital in relation to the Private Placement:

1. *The Company's share capital is increased by NOK 340,000, from NOK 1,490,900.70 to NOK 1,830,900.70 by issue of 6,800,000 new shares (the "New Shares"), each with a par value of NOK 0.05.*

2. *The subscription price for each New Share is NOK 12.50.*
3. *Existing shareholders' pre-emptive rights to subscribe the New Shares are set aside.*
4. *The New Shares shall be subscribed on a separate subscription form by Arctic Securities AS on behalf of, and pursuant to proxies from, the investors having ordered and been allocated shares in accordance with the Company's decision to allocate the shares no later than 2 May 2016.*
5. *The total subscription amount shall be paid to Arctic Securities AS' account no 1503.11.46345 in DNB no later than 3 May 2016.*
6. *The New Shares entitle the holder to dividend as from the time of registration with the Register of Business Enterprises.*
7. *The Company's articles of association § 4 first paragraph is amended to read "The company's share capital is NOK 1,830,900.70 divided into 36,618,014 shares, each with a normal value of NOK 0.05."*
8. *The Company's costs associated with the placement, primarily linked to fees to financial and legal advisers as well as registration fees etc, are estimated to approximately NOK 3,600,000 ex VAT.*

The percentage of immediate dilution resulting from the Private Placement for the Shareholders (not taking into account the Subsequent Offering) is approximately 18.6 %.

5.2.2 Issuance and Listing of the Placement Shares

The Placement Shares issued pursuant to the resolution by the EGM are expected to be issued and registered with the Company Register and the VPS on or about 4 May 2016. The Placement Shares will be registered with the Company's ordinary ISIN NO 0010663669 following the approval of this Prospectus.

The Placement Shares are subject to admission to trading on Oslo Axess. The Company expects the Placement Shares will be listed on Oslo Axess on or about 4 May 2016. The Placement Shares will not be sought admitted to trading on any other regulated market than Oslo Axess. The Placement Shares carry full shareholder rights equal to the existing ordinary Shares of the Company. For a description of rights attaching to Shares in the Company see section 13 "Share capital and shareholder matters".

5.3 THE SUBSEQUENT OFFERING

5.3.1 Overview of the Subsequent Offering

On 1 April 2016, the Company announced a Subsequent Offering of up to 1,200,000 New Shares, each with nominal value of NOK 0.05, at a Subscription Price of NOK 12.50 per New Share, which is the same subscription price applicable to the subscription of the Placement Shares. Subscription Rights will be issued to Eligible Shareholders as of the Record Date. Eligible Shareholders will receive 0.30085 non-transferable Subscription Rights for each Share in the Company held on the Record Date. Subject to all New Shares being issued, the Subsequent Offering will result in NOK 15 million in gross proceeds. Subscription Rights and New Shares will not be issued or sold in certain jurisdictions or to residents of certain jurisdictions. For further information see section 6 "Selling and Transfer Restrictions".

5.3.2 Increase of share capital in connection with the Subsequent Offering

The following resolution was made by the EGM on 29 April 2016 in respect of increasing the share capital of the Company through the issuance of New Shares:

1. *The Company's share capital is increased by minimum NOK 0.05 and maximum NOK 60,000, from NOK 1,830,900.70 to minimum NOK 1,830,900.75 to maximum NOK 1,890,900.70 by issue of minimum 1 and maximum 1,200,000 new shares (the "New Shares"), each with a par value of NOK 0.05.*
2. *The subscription price for each New Share is NOK 12.50.*

3. *The New Shares shall be subscribed shareholders as of 31 March 2016 and registered as such with VPS on 4 April 2016, who were not invited, or applied for but were not allocated shares in the private placement, and who are not resident in a jurisdiction where such offering would be unlawful or, for jurisdictions other than Norway, would require any prospectus, filing, registration or similar action.*
4. *Shareholders as set out in item 3 shall receive 0.30085 non-transferrable subscription rights for each share held and as registered with VPS on 4 April 2016 (rounded downward to the nearest whole number). Each of these subscription rights entitles the holder to subscribe one New Share. Shareholders as set out in item 3 may over-subscribe new shares. If the subscriptions rights are not fully exercised and the share issue is over-subscribed not based on the subscription right, the shares which are subscribed and not based on subscription rights shall be allocated pro rate to such subscriptions.*
5. *The subscription period is from 4 May 2016 to 18 May 2016 at 16.30 CET. If the prospectus for the share issue has not been approved by the prospectus authority in time for the subscription period to commence on 4 May 2016, the start and end of the subscription period shall commence at the latest on the second trading day on Oslo Børs after such approval has been obtained and end at 16.30 CET two weeks thereafter, however so that the subscription period shall not start later than 6 June 2016.*
6. *The total subscription amount shall be paid to Arctic Securities AS' account no 1503.11.46345 in DNB no later than 20 May 2016 or no later than 3 trading days on Oslo Børs after the expiry of the subscription period if this has been postponed pursuant to item 5.*
7. *The New Shares entitle the holder to dividend as from the time of registration with the Register of Business Enterprises.*
8. *The Company's articles of association § 4 first paragraph is amended accordingly.*
9. *The Company's costs associated with the share issue, primarily linked to fees to financial and legal advisers as well as registration fees etc, are estimated to approximately NOK 900,000 ex VAT.*

5.3.3 The Subscription Period

The Subscription Period for the Subsequent Offering commences on 4 May 2016 and expires at 16:30 (CET) on 18 May 2016. In the event that the Prospectus has not been approved by the Norwegian FSA in time for the subscription period to commence on 4 May 2016, the start and end of the subscription period shall commence at the latest on the second trading day on Oslo Børs after such approval has been obtained and end at 16.30 CET two weeks thereafter, however so that the subscription period shall not start later than 6 June 2016.

5.3.4 Subscription Price

The Subscription Price in the Subsequent Offering has been set at NOK 12.50 per New Share, which is identical to the Subscription Price per Placement Share in the Private Placement. No expenses or taxes are charged to the Subscribers in the Subsequent Offering by the Company or the Managers. The Subscription price of NOK 12.50 per New Share represents a discount of 16.67 per cent compared to the last trade on 31 March 2016.

5.3.5 Subscription Rights

In accordance with the resolution passed by the EGM, Eligible Shareholders will be allocated non-tradable Subscription Rights giving preferential right to subscribe for, and be allocated, New Shares in the Subsequent Offering, in proportion to their shareholding in the Company as at the Record Date. The Company will issue 0.30085 Subscription Rights per each Share held in the Company as at 31 March 2016 and registered with the VPS on 4 April 2016. The number of Subscription Rights issued to each Eligible Subscriber will be rounded down to the nearest whole number of Subscription Rights.

Each Subscription Right grants the owner the right to subscribe for and be allocated one New Share.

The Subscription Rights will be issued and registered to Eligible Shareholders in the VPS under ISIN NO 001 0764038. The Subscription Rights will be delivered free of charge and the recipient will not be debited any charges. The Subscription Rights will not be transferrable. Subscription Rights of Eligible Shareholders resident in jurisdictions where the Prospectus may not be distributed and/or with legislation that, according to the Company's assessment, prohibits or otherwise restricts subscription for New Shares (the "Ineligible Shareholders") will initially be credited to such Ineligible Shareholders' VPS accounts. Such credit specifically does not constitute an offer to Ineligible Shareholders to subscribe for New Shares. The Company will instruct the Managers to withdraw the Subscription Rights from such Ineligible Shareholders' VPS accounts with no compensation to the holder.

Subscribers subscribing on the basis of Subscription Rights who over-subscribe (i.e. subscribes for more New Shares than the number of Subscription Rights held by them) will have priority to the New Shares not subscribed for by holders of Subscription Rights (see section 5.3.7 "Allocation of New Shares" for more details).

Subscription Rights not used to subscribe for New Shares before the expiry of the Subscription Period will lapse without compensation to the holder, and consequently be of no value.

The Subsequent Offering means that the existing shareholders' pre-emptive right to subscribe shares are set aside. The Board believes that this is in the best interest of the Company and the Shareholders as it is necessary in order to accomplish the Subsequent Offering and allow Eligible Shareholders to subscribe New Shares.

In order to be able to complete the Private Placement, the existing shareholders' pre-emptive rights to subscribe the Placement Shares were set aside, as this was in the best interest of the Company and the shareholders as reducing transaction risk and the time period from the transaction until the Company receives funds is imperative inter alia (a) in order to secure capital to be used for equipment purchase and other investments enabling execution of the contract recently awarded by BGP Arabia (to conduct a survey for Saudi Aramco), and (b) in order to raise funding for general purposes. The Private Placement allowed the Company to raise capital more quickly and, at a lower discount compared to a rights issue. Further, it was proposed to carry out a subsequent offering to existing shareholders who were not allocated shares in the Private Placement, as further described in this section 5 "The Subsequent Offering".

5.3.6 The subscription procedure

Eligible Shareholders will receive a letter which includes information on shareholdings registered as at the Record Date and certain other matters relating to the relevant shareholders. The Prospectus is available at www.magseis.com and www.arctic.com, and at the offices of Arctic Securities AS and Magseis. Subscriptions for New Shares must be made on a Subscription Form in the form attached as Appendix B hereto. Norwegian subscribers domiciled in Norway can in addition download the Prospectus on www.arctic.com and subscribe for shares through VPS' internet service. A link to VPS' internet service will be available at www.arctic.com and www.magseis.com.

Online subscriptions must be submitted, and accurately completed Subscription Forms must be received by the Sole Lead Manager by 16.30 hours CET on no later than 18 May 2016. Neither the Company nor the Managers may be held responsible for delays in the mail system, busy facsimile lines or for non-receipt of Subscription Forms forwarded by facsimile to the Managers.

Properly completed and signed Subscription Forms may be faxed, mailed or delivered to the Sole Lead Manager at the address set out below:

Arctic Securities AS
Haakon VII's gt.5
P.O. Box 1833 Vika

0123 Oslo, Norway
Tel: +47 21 01 30 40
Fax: +47 21 01 31 36
Email: subscription@arctic.com

The Board and the Managers may at their sole discretion refuse any improperly completed, delivered or executed Subscription Form or any subscription which may be unlawful. A subscription is irrevocable and may not be withdrawn, cancelled or modified once it has been received by the Manager. Multiple subscriptions are allowed. In the event the Subscriber submits two or more Subscription Forms, the Board and the Managers reserves the right to approve all or only some of the Subscription Forms.

Oversubscription is permitted. Neither the Managers nor the Company will be held responsible for delays in the mail or facsimile system resulting in Subscription Forms not being received in time. Subscription for New Shares by a subscriber is irrevocable and may not be withdrawn, cancelled or modified by the subscriber after having been received by the Managers. Neither the Managers nor the Company assumes any responsibility for failure to subscribe or inability to subscribe for New Shares due to technical or internet problems. Subscription Forms received after the end of the Subscription Period may be disregarded at the sole discretion of the Company and/or the Managers without prior notice to the subscribers. The Company and/or the Managers may, without prior notice to the subscribers, in their sole discretion disregard any incomplete and/or incorrect Subscription Forms or any subscription that may be unlawful. In the event that the Managers need to verify the identification of a subscriber under the Norwegian Money Laundering Act 2009, the subscriber is responsible for providing the Managers with the necessary documentation. Non-compliance with these requirements may lead to the subscriber not being allocated New Shares in the Subsequent Offering.

5.3.7 Allocation of New Shares

The allocation of New Shares will be made applying the following criteria:

- (i) New Shares shall be allocated on the basis of used Subscription Rights;
- (ii) In the event that not all Subscription Rights are used and the Subsequent Offering is over-subscribed, holders of Subscription Rights who have subscribed for more New Shares than the held Subscription Rights, shall have preferential rights to allocation of unsubscribed New Shares in accordance with the principles of Section 10-4 (3) of the Norwegian Public Companies Act.

The allocation of New Shares will take place after the expiry of the Subscription Period on or about 18 May 2016 and notifications of allocation will be dispatched by post from the VPS on or about 19 May 2016. The Board reserves the right to round off, regulate or in another way reject or reduce any subscription not covered by Subscription Rights (ref. item (i) above). Any excess payments made to the Company will be returned to the subscriber's bank account within two weeks following allocation, without any compensation for lost interest. No fractional New Shares will be allocated and Subscription Rights for less than a whole New Share will hence not provide for guaranteed allocation.

The Company will disclose information with regard to the number of Shares subscribed for in the Subsequent Offering on or about 19 May 2016 through the information system of Oslo Børs at www.newsweb.no under the ticker MSEIS.

5.3.8 Payment for the allocated New Shares

The payment for the New Shares falls due on 20 May 2016. Each Subscriber must provide a one-time authorisation to the Manager to debit a specified bank account with a Norwegian bank for the amount (in NOK) payable for the New Shares allotted to such Subscriber by signing the Subscription Form when subscribing for New Shares. The amount will be debited on or about 20 May 2016.

Subscribers not having a Norwegian bank account or Subscribers subscribing for New Shares for more than NOK 5,000,000 must ensure that payment for their New Shares with cleared funds is made on or before 16.30 hours CET on 20 May 2016 and should contact the Managers in this respect. If there are insufficient funds on a Subscriber's bank account or if it is impossible to debit a bank account for the amount the Subscriber is obligated to pay, or payment is not received by the Managers according to other instructions, the allotted New Shares will be withheld. Interest will in such event accrue at a rate equal to the interest on late payment, currently 8.75 per cent per annum. The Managers reserves the right to make up to three attempts to debit the Subscribers' accounts in the period up to and including 27 May 2016 if there are insufficient funds on the account on previous debit dates. If payment for the allotted New Shares is not received when due, the New Shares will not be delivered to the Subscriber, and the Board reserves the right, at the risk and cost of the Subscriber, to cancel the subscription in respect of the New Shares for which payment has not been made, or to sell or otherwise dispose of the New Shares, and hold the Subscriber liable for any loss, cost or expense suffered or incurred in connection therewith. The original Subscriber remains liable for payment of the entire amount due, including interest, costs, charges and expenses accrued, and the Managers may enforce payment of any such amount outstanding.

5.3.9 Delivery and Listing of the New Shares

All Subscribers subscribing for New Shares must have a valid VPS account (established or maintained by an investment bank or Norwegian bank that is entitled to operate VPS accounts) to receive New Shares assuming that payments from all Subscribers are made when due, delivery of the New Shares is expected to take place on or about 29 May 2016. Assuming that payments from all Subscribers are made when due, it is expected that the share capital increase will be registered in the Company Register on or about 29 May 2016.

All of the New Shares will be subject to an application for admission to trading on Oslo Axess. Assuming timely payment by all subscribers, the Company expects that the New Shares will be listed on Oslo Axess on or about 29 May 2016. The New Shares will not be sought or admitted to trading on any other regulated market than Oslo Axess.

The Company has not entered into any underwriting agreements, stabilization agreement, market making agreements or similar agreements for trading of its Shares on Oslo Axess in relation to the Subsequent Offering.

5.3.10 The rights conferred by the New Shares

The New Shares will in all respects carry full shareholder rights equal to the existing ordinary Shares of the Company from the date the share capital increase is registered in the Company Register. For a description of rights attaching to Shares in the Company, see section 13.5.6 "Voting rights and other shareholder rights".

5.3.11 Publication of information in respect to the Subsequent Offering

In addition to press releases on the Company's website www.mageeis.com, the Company intends to use the Oslo Børs information system at www.newsweb.no under the Company's ticker code "MSEIS" to publish information in respect to the Subsequent Offering. The Company will publish information with regard to the number of shares subscribed in the Subsequent Offering on or about 19 May 2016.

5.3.12 Eligible Shareholders

The Company's shareholders as of 31 March 2016 as documented by the shareholder register in the VPS on the Record Date who were not invited to participate, or applied for but were not allocated shares in the Private Placement, and who are not resident in a jurisdiction where such offering would be unlawful or, for jurisdictions other than Norway, would require any prospectus, filing, registration or similar action.

5.3.13 Record Date

Eligible Shareholders registered with VPS as at 4 April 2016 will receive Subscription Rights.

5.3.14 Share capital following the Private Placement and the Subsequent Offering

The maximum number of New Shares to be issued is 12,000,000, all with a nominal value of NOK 0.05 per Share. If fully subscribed, the Subsequent Offering would give a further increase in the Company's total number of issued Shares post Private Placement from 36,618,014 to 37,818,014, each share with a nominal value of NOK 0.05 per Share. The New Shares will be issued in accordance with the Shareholders' resolution passed at the board meeting at the EGM. See section 13.1 "Share capital and shares" for a further description of the Company's share capital.

5.4 VPS REGISTRATION

The Company's Shares are registered in VPS. The Shares' ISIN is NO 0010663669, under which the New Shares will be registered, on or about 29 May 2016.

The Company's VPS registrar is DNB, Dronning Eufemias gate 30, 0191 Oslo, Norway.

The Placement Shares and the New Shares issued in the Subsequent Offering will be listed on Oslo Axess under the ticker code MSEIS.

5.5 PROCEEDS AND COSTS

The transaction costs of the Company related to the Private Placement and the Subsequent Offering are estimated at approximately NOK 4,5 million, and accordingly the net proceeds of the Private Placement and the Subsequent Offering will be approximately NOK 95,5 million, assuming the Subsequent Offering is fully subscribed. No expenses or taxes are charged to the subscribers in the Private Placement or the Subsequent Offering by the Company or the Managers.

5.6 DILUTION

The Company had 29,818,014 Shares outstanding prior to the Private Placement. Assuming full subscription in the Subsequent Offering, a total of 8,000,000 new Shares will be issued in the Private Placement and the Subsequent Offering, resulting in a dilution of approximately 21.2 % for existing shareholders who did not participate in the Private Placement or the Subsequent Offering.

Taking into account the Placement Shares, the percentage of immediate dilution resulting from the Subsequent Offering for Magseis' shareholders is expected to amount to approximately 3.2% if all New Shares are issued.

The table below illustrates the sequence of dilution for Shareholders not participating in the Private Placement or the Subsequent Offering (assuming the Subsequent Offering is fully subscribed):

	Prior to the Private Placement and Subsequent Offering	Prior to the Subsequent Offering	Subsequent to both the Private Placement and Subsequent Offering
No. of shares with nominal value of NOK 0.05	28 818 014	36 618 014	37 818 014
% dilution	0	18.6	21.2

5.7 MANAGERS AND ADVISORS

The Private Placement and the Subsequent Offering is being managed by Arctic Securities AS as Sole Lead Manager and Bookrunner and SpareBank 1 Markets AS as Co-Manager.

Arntzen de Besche Advokatfirma AS is the Company's legal counsel in connection to the Private Placement and the Subsequent Offering.

5.8 JURISDICTION AND GOVERNING LAW

This Prospectus, the Subscription Form and the terms and conditions of the Subsequent Offering shall be governed by and construed in accordance with, and the New Shares will be issued pursuant to, Norwegian law. Any dispute arising out of, or in connection with, this Prospectus or the Subsequent Offering shall be subject to the exclusive jurisdiction of Oslo District Court.

5.9 INTEREST OF NATURAL AND LEGAL PERSONS IN THE SUBSEQUENT OFFERING

Arctic Securities AS and SpareBank 1 Markets AS serve as Managers in connection with the Private Placement and the Subsequent Offering, and receives a success based fee and commission in this regard. The fee is a fixed percentage fee, calculated on the basis of the gross proceeds raised in the Private Placement and Subsequent Offering. The Managers and its affiliates are currently providing, and may provide in the future, investment and commercial banking services to the Company and its affiliates in the ordinary course of business, for which they may receive and may continue to receive customary fees and commissions. The Managers, its employees and any affiliate may currently own Shares in the Company. Beyond the abovementioned, the Company is not aware of any interest of any natural or legal persons nor conflicts of interest involved in the Private Placement or the Subsequent Offering.

5.10 MANDATORY ANTI MONEY LAUNDERING PROCEDURES

The Subsequent Offering is subject to the Norwegian Money Laundering Act of 6 March 2009 no. 11 and the Norwegian Money Laundering Regulations (collectively the "Anti-Money Laundering Legislation"). All subscribers not registered as existing customers with the Managers must verify their identity in accordance with the requirements of the Anti-Money Laundering Legislation, unless an exemption is available. Subscribers that have designated an existing Norwegian bank account and an existing VPS account on the Subscription Form are exempted, provided the aggregate subscription price is less than NOK 100,000, unless verification of identity is requested by the Managers. The verification of identity must be completed prior to the end of the Subscription Period. Subscribers that have not completed the required verification of identity may not be allocated New Shares.

Further, in participating in the Subsequent Offering, each subscriber must have a VPS account. The VPS account number must be stated on the Subscription Form. VPS accounts can be established with authorised VPS registrars, which can be Norwegian banks, authorised securities brokers in Norway and Norwegian branches of credit institutions established within the EEA. However, non-Norwegian subscribers may use nominee VPS accounts registered in the name of a nominee. The nominee must be authorised by the Norwegian Ministry of Finance. Establishment of a VPS account requires verification of identity before the VPS registrar in accordance with the Anti-Money Laundering Legislation.

5.11 SUBSCRIPTIONS IN THE PRIVATE PLACEMENT AND SUBSEQUENT OFFERING BY MAJOR SHAREHOLDERS, MANAGEMENT, SUPERVISORY, ADMINISTRATIVE BODIES AND PERSON/ENTITIES SUBSCRIBING FOR MORE THAN FIVE PER CENT OF THE OFFERINGS

5.11.1 The Private Placement

The table below provides an overview of members of management, supervisory and administrative bodies that participated in the Private Placement and other persons/entities that subscribed for more than five per cent of the Private Placement

<u>Investor</u>	<u>Shares subscribed</u>	<u>Share of offering</u>
Redback AS	1,000,000	14.71 %
Nordea	931,000	13.69 %

Pareto	800,000	11.76 %
AS Clipper	620,000	9.12 %
Anfar Invest AS ¹	496,000	7.29 %
Shell Technology Ventures BV	392,000	5.76 %
Geo Innova AS ²	160,000	2.35 %
Gneis AS ³	16,000	0.24 %
Thjømøekranen AS ⁴	15,000	0.22 %

5.11.2 The Subsequent Offering

To the extent known to the Company, no major Shareholders, members of Management, supervisory and administrative bodies intend to subscribe for Shares in the Subsequent Offering, nor does the Company know of any Shareholders who intend to subscribe for more than 5% of the Subsequent Offering.

¹ Controlled by Anders Farestveit (Chairman of the Board)

² Controlled by Jan B. Gateman (Non-executive Member)

³ Controlled by Ivar Gimse (Executive Board Member and Vice President)

⁴ Controlled by Mari Thjømøe (Non-executive Board Member)

6 SELLING AND TRANSFER RESTRICTIONS

6.1 GENERAL

The grant of Subscription Rights and/or issue of New Shares, upon exercise of Subscription Rights, to persons resident in, or who are citizens of countries other than Norway, may be affected by the laws of the relevant jurisdiction. Shareholders should consult their professional advisers as to whether they require any governmental or other consent or need to observe any other formalities to enable them to exercise Subscription Rights or purchase or subscribe for New Shares.

The Company does not intend to take any action to permit a public offering of the New Shares in any jurisdiction other than Norway. Receipt of this Prospectus will not constitute an offer in those jurisdictions in which it would be illegal to make an offer and, in those circumstances, this Prospectus is for information only and should not be copied or redistributed.

Except as otherwise disclosed in this Prospectus, if a Shareholder receives a copy of this Prospectus in any territory other than Norway, the Shareholder may not treat this Prospectus as constituting an invitation or offer to it, nor should the Shareholder in any event deal in the New Shares, unless, in the relevant jurisdiction, such an invitation or offer could lawfully be made to that Eligible Shareholder, or the Subscription Rights and New Shares could lawfully be dealt in without contravention of any unfulfilled registration or other legal requirements, and such Shareholder consequently qualify as an Eligible Shareholder pursuant to the Subsequent Offering. Accordingly, if a Shareholder receives a copy of this Prospectus, the Shareholder should not distribute or send the same, or, if such Shareholder qualifies as an Eligible Shareholder; transfer the Subscription Rights and/or New Shares to any person or in or into any jurisdiction where to do so would or might contravene local securities laws or regulations. If the Shareholder forwards this Prospectus into any such territories (whether under a contractual or legal obligation or otherwise), the Shareholder should direct the recipient's attention to the contents of this section 6.

Except as otherwise noted in this Prospectus and subject to certain exceptions: (i) the Subscription Rights and New Shares being granted or offered, may not be offered, sold, resold, transferred or delivered, directly or indirectly, in or into, member states of the EEA that have not implemented the Prospectus Directive, Australia, Canada, Hong Kong, Japan, the United States, Switzerland or any other jurisdiction in which it would not be permissible to offer the Subscription Rights and/or the New Shares (the "Ineligible Jurisdictions"); (ii) this Prospectus may not be sent to any person in any Ineligible Jurisdiction; and (iii) the crediting of Subscription Rights to an account of an Ineligible Shareholder or other person in an Ineligible Jurisdiction (such other persons referred to as "Ineligible Persons") does not constitute an offer to such persons of the Subscription Rights or the New Shares. Ineligible Persons may not exercise Subscription Rights.

If a Shareholder purports to be an Eligible Shareholder and takes up, delivers or otherwise transfers Subscription Rights, exercises Subscription Rights to obtain New Shares or trades or otherwise deals in the Subscription Rights and New Shares, that Eligible Shareholder will be deemed to have made or, in some cases, be required to make, some or all of the following representations and warranties to the Company and any person acting on the Company's or its behalf:

- (i) the Eligible Shareholder is not located in an Ineligible Jurisdiction;
- (ii) the Eligible Shareholder is not an Ineligible Person;
- (iii) the Eligible Shareholder is not acting, and has not acted, for the account or benefit of an Ineligible Shareholder or an Ineligible Person;
- (iv) unless the Eligible Shareholder (a) is a "qualified institutional buyer" as defined in Rule 144A under the U.S. Securities Act or (b) is an "accredited investor" as defined in Rule 501(a) under the U.S. Securities Act, the Eligible Shareholder is located outside the United States and any person for whose account or benefit it is acting on a non-discretionary

basis is located outside the United States and, upon acquiring New Shares, the Eligible Shareholder and any such person will be located outside the United States;

- (v) the Eligible Shareholder understands that the Subscription Rights and New Shares have not been and will not be registered under the U.S. Securities Act and may not be offered, sold, pledged, resold, granted, delivered, allocated, taken up or otherwise transferred within the United States except pursuant to an exemption from, or in a transaction not subject to, registration under the U.S. Securities Act; and
- (vi) the Eligible Shareholder may lawfully be offered, take up, subscribe for and receive Subscription Rights and New Shares in the jurisdiction in which it resides or is currently located.

The Company and any persons acting on behalf of the Company, including the Managers, will rely upon the Eligible Shareholder's representations and warranties. Any provision of false information or subsequent breach of these representations and warranties may subject the Eligible Shareholder to liability.

If a person is acting on behalf of a holder of Subscription Rights (including, without limitation, as a nominee, custodian or trustee), that person will be required to provide the foregoing representations and warranties to the Company with respect to the exercise of Subscription Rights on behalf of the holder. If such person cannot or is unable to provide the foregoing representations and warranties, the Company will not be bound to authorize the allocation of any of the Subscription Rights and New Shares to that person or the person on whose behalf the other is acting. Subject to the specific restrictions described below, if an Eligible Shareholder (including, without limitation, its nominees and trustees) is outside Norway and wishes to exercise or otherwise deal in or subscribe for Subscription Rights and/or New Shares, the Eligible Shareholder must satisfy itself as to full observance of the applicable laws of any relevant territory including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such territories.

The information set out in this section 6 is intended as a general overview only. If any Shareholder is in any doubt as to whether it is eligible to receive the Subscription Rights and/or subscribe for the New Shares, that Shareholder should consult its professional adviser without delay.

Subscription Rights will initially be credited to financial intermediaries for the accounts of all shareholders who hold Company Shares registered through a financial intermediary and as registered with VPS on the Record Date.

Subject to certain exceptions, financial intermediaries, which include brokers, custodians and nominees, may not exercise any Subscription Rights on behalf of any Ineligible Shareholder or any Ineligible Persons, and may be required in connection with any exercise of Subscription Rights to provide certifications to that effect. Subject to certain exceptions, financial intermediaries are not permitted to send this Prospectus or any other information about the Subsequent Offering in or into any Ineligible Jurisdiction. Subject to certain exceptions, exercise instructions or certifications sent from or postmarked in any Ineligible Jurisdiction will be deemed to be invalid and the New Shares will not be delivered to an addressee in any Ineligible Jurisdiction. The Company reserves the right to reject any exercise (or revocation of such exercise) in the name of any person (a) who provides an address in an Ineligible Jurisdiction for acceptance, revocation of exercise or delivery of such Subscription Rights and New Shares, (b) who is unable to represent or warrant that such person is an Eligible Shareholder and (c) who is acting on a nondiscretionary basis for such persons, or who appears to the Company or its agents to have executed its exercise instructions or certifications in, or dispatched them from, an Ineligible Jurisdiction. Furthermore, the Company reserves the right, with sole and absolute discretion, to treat as invalid any exercise or purported exercise of Subscription Rights which appears to have

been executed, effected or dispatched in a manner that may involve a breach or violation of the laws or regulations of any jurisdiction.

Notwithstanding any other provision of this Prospectus, the Company reserves the right to permit a holder to exercise its Subscription Rights based on the Eligible Shareholders representations and warranties as set out in (i) – (vi) above, or if the Company, at its absolute discretion, is satisfied that the transaction in question is exempt from or not subject to the laws or regulations giving rise to the restrictions in question. Applicable exemptions in certain jurisdictions are described further below. Not all jurisdictions in which shareholders with shares are registered with the VPS on the Record Date were residents are covered by the descriptions above. In any such case, the Company does not accept any liability for any actions that a holder takes or for any consequences that it may suffer as a result of the Company accepting or refusing the holder's exercise of Subscription Rights.

No action has been or will be taken by the Managers to permit the possession of this Prospectus (or any other offering or publicity materials or application or subscription form(s) relating to the Subsequent Offering) in any jurisdiction where such distribution may lead to a breach of any law or regulatory requirement.

Neither the Company nor the Managers, nor any of their respective representatives, is making any representation to any recipient, offeree, subscriber or purchaser of Subscription Rights and/or New Shares regarding the legality of an investment in the Subscription Rights and/or the New Shares by such recipient, offeree, subscriber or purchaser under the laws applicable to such recipient, offeree, subscriber or purchaser. Each Eligible Shareholder should consult its own advisers before subscribing for New Shares or purchasing New Shares. Eligible Shareholders are required to make their independent assessment of the legal, tax, business, financial and other consequences of a subscription for New Shares or a purchase of and/or New Shares.

6.2 UNITED STATES

The Subscription Rights, including the New Shares, have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered, sold, taken up, exercised, resold, transferred or delivered, directly or indirectly, within the United States except pursuant to an applicable exemption from the registration requirements of the U.S. Securities Act and in compliance with the securities laws of any state or other jurisdiction of the United States.

There will be no public offer of shares in the United States. A notification of exercise of Subscription Rights and subscription of New Shares in contravention of the above may be deemed to be invalid. The Subscription Rights and New Shares are being offered and sold outside the United States in reliance on Regulation S under the U.S. Securities Act. Any offering of the Subscription Rights and New Shares by the Company to be made in the United States will be made only to a limited number of (a) "qualified institutional buyers" (as defined in Rule 144A under the U.S. Securities Act) or (b) "accredited investors" (as defined in Rule 501(a) under the U.S. Securities Act), pursuant to an exemption from registration under the U.S. Securities Act who have executed and returned an Eligible Shareholder letter to the Company prior to exercising their Subscription Rights.

Prospective purchasers are hereby notified that sellers of the Subscription Rights and the New Shares may be relying on an exemption from the provisions of Section 5 of the U.S. Securities Act provided by Rule 144A. Accordingly, subject to certain limited exceptions, this Prospectus will not be sent to any Shareholder with a registered address in the United States. In addition, the Company and the Manager reserve the right to reject any instruction sent by or on behalf of any account holder with a registered address in the United States in respect of the Subscription Rights and/or the New Shares.

Any recipient of this document in the United States is hereby notified that this Prospectus has been furnished to it on a confidential basis and is not to be reproduced, retransmitted or otherwise redistributed, in whole or in part, under any circumstances. Furthermore, recipients are authorized to

use it solely for the purpose of considering an investment in the Subsequent Offering and may not disclose any of the contents of this document or use any information herein for any other purpose.

This document is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for New Shares or otherwise acquire Subscription Rights and/or New Shares. Any recipient of this document agrees to the foregoing by accepting delivery of this document.

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

The Subscription Rights and the New Shares have not been approved or disapproved by the United States Securities and Exchange Commission, any state securities commission in the United States or any other United States regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the Subsequent Offering or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offense in the United States.

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

- (i) it is (a) a "qualified institutional buyer" as defined in Rule 144A under the U.S. Securities Act, or (b) an "accredited investor" as defined in Rule 501(a) under the U.S. Securities Act, and that it has executed and returned an Eligible Shareholder letter to the Company prior to exercising their Subscription Rights; and
- (ii) the Subscription Rights and New Shares have not been offered to it by the Company by means of any form of "general solicitation" or "general advertising" (within the meaning of Regulation D under the U.S. Securities Act.

Each person to which Subscription Rights and/or New Shares are distributed, offered or sold outside the United States will be deemed, by its subscription or purchase of New Shares, to have represented and agreed, on its behalf and on behalf of any Eligible Shareholder accounts for which it is subscribing for or purchasing New Shares, as the case may be, that:

- (i) it is acquiring the New Shares from the Company or the Managers in an "offshore transaction" as defined in Regulation S under the U.S. Securities Act; and
- (ii) the Subscription Rights and/or the New Shares have not been offered to it by the Company or the Underwriters by means of any "directed selling efforts" as defined in Regulation S under the U.S. Securities Act.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES (THE "RSA") WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE 39 STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

6.3 EEA SELLING RESTRICTIONS

In relation to each member state of the EEA other than Norway, which has implemented the Prospectus Directive (each a "Relevant Member State") delivery of Subscription Rights and/or an offer of New Shares which are the subject of the Subsequent Offering contemplated by this Prospectus may not be made to the public in that Relevant Member State except that delivery of Subscription Rights and/or an offer to the public in that Relevant Member State of any New Shares may be made at any time under the following exemptions under the Prospectus Directive, provided such exceptions have been implemented in that Relevant Member State:

- (i) to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;
- (ii) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than Euro ("EUR") 43,000,000 and (3) an annual net turnover of more than EUR 50,000,000, as shown in its last annual or consolidated accounts;
- (iii) to fewer than 150 natural or legal persons (other than persons and investors as further defined in the Prospectus Directive) subject to obtaining the prior consent of the Managers for any such offer; or
- (iv) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of New Shares shall result in a requirement for the publication by the Company or any Underwriter of a Prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer to the public" in relation to any shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any shares to be offered so as to enable investors to decide to purchase or subscribe for any shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Member State and the expression "Prospectus Directive" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

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 significantly improves 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 OBC to be deployed in much greater lengths than what has previously been possible. Through this technology Magseis reduces 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 which initially comprised 3,000 sensors integrated with a 75 km cable. This system was put into operation using a vessel converted for this purpose, the Artemis Athene. As part of the system, a fully-automated handling system was 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 the period 2013-2016, the Company has completed projects for Statoil, Talisman Energy, Hess, Lundin, Chevron, Saudi Aramco and Petronas (ongoing).

Working for leading oil and gas companies and with the Westcon Group as a partner (see section 7.11 "Material contracts" for further information), the Company is continuously developing the organization in order to build an industry leading OBS company. The Company's vision is to become the preferred and leading global provider of OBS services.

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). During 2014-2015, the Company entered into

contracts for further OBS work with Statoil, Talisman Energy, Hess Denmark, Lundin Petroleum, Chevron and Petronas. In February 2016, Magseis was, together with its partner BGP, awarded Saudi Aramco's S78 project in the Red Sea with an expected duration of 9 months + 1 year option.

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

Year	Significant events
2009	<ul style="list-style-type: none"> Ivar Gimse and Jan B. Gateman establish Magseis.
2011	<ul style="list-style-type: none"> Successful test of first prototype of MASS-system.
2012	<ul style="list-style-type: none"> Raised NOK 332 million in new equity. Signed a Letter of Intent with Statoil. Entered into a strategic cooperation with Westcon Group.
2013	<ul style="list-style-type: none"> Signed the first OBS acquisition contract with Statoil. Signed a Time Charter contract for Artemis Athene. Started operation in Q4 for Statoil. Entered into a frame agreement to provide global OBS acquisition services for Statoil during the period from 2014 – 2018.
2014	<ul style="list-style-type: none"> Entered into contract with Talisman Energy for OBS work on the Varg field. Raised NOK 120 million in new equity to expand capacity and listed shares on Oslo Axess. Signed USD 4 million convertible loan agreement with Shell Technology Ventures ("STV"), subsequently converted into Magseis shares by STV. Completed OBS survey for Hess Denmark on South Arne field and initial Multi-Client OBS survey for Statoil and Lundin Petroleum. Conducted OBS pilot study for Saudi Aramco in the Red Sea.
2015	<ul style="list-style-type: none"> Raised NOK 58 million in new equity to finance further capacity growth. Completed OBS work for Chevron on the Captain Field comprising combination of deployment with cable and ROV. Entered into agreement with Shell Global Solutions International

for further joint development of system to deploy MASS in ultra-deep water.

- Conducted a well-funded multi-client campaign in the Barents Sea.
- Awarded letter of award by Petronas for OBS survey on Bokor Field in Malaysia to be completed within Q2 2016.
- Signed contract for OBS work with BGP Arabia (for a contract with Saudi Aramco) expected to commence in Q3 2016.
- Raised NOK 85 million in new equity in the Private Placement to finance additional equipment and preparations needed for the BGP Arabia contract.
- Received credit committee approval from The Norwegian Export Credit Guarantee Agency (GIEK) and Export Credit Norway for an equipment loan facility of up to USD 4 million.

2016

Please see section 8.2.3 “Projected global E&P spending” for further comments related to how the Company has been affected by the decreasing oil price and lower spending levels.

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 starting 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 OBC in much greater lengths than what has previously been possible. This, combined with the introduction of multi-vessel operations enables significantly more efficient survey operations. 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 300km 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 kilometres 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.

Magseis is working closely with Siemens AS as its main manufacturing partner for the MASS sensor capsules. Siemens is responsible for the assembly of the units with parts provided by various suppliers.

MASS sensor capsule:	Key specifications:
	<ul style="list-style-type: none"> • Battery life: 45 days (up to 75 in low power mode) <p>Recording: Full 32 bit</p> <ul style="list-style-type: none"> • 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 labour required. Long-term the target is to enable deployment and recovery speeds of up to 3 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, Middle East, Gulf of Mexico, Brazil, West Africa and Southeast Asia. Magseis’ client contracts typically comprise payment

terms whereby the total payment is split up into instalments received both prior to, during and after surveys are performed by the Company.

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 does not deliver the subsequent data processing and interpretation services which are often conducted by third parties selected by the clients themselves.

The Company has now operated successfully for more than two years using the vessel Artemis Athene which was upgraded by its owner Artemis Athene AS (a part of the Westcon Group) specifically to enable Magseis’ operations. Currently the Artemis Athene operates a MASS cable inventory of up to 150km with 4,500 sensor capsules. However, work is now ongoing to increase the inventory to more than 350km in preparation for the contract with BGP for Saudi Aramco.

Artemis Athene	Key specifications
	<ul style="list-style-type: none"> • Year built: 1991 (major upgrade 2001 and 2013) • L.O.A / Width: 92m / 18m • DP class: DP2

7.6 Research and development

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.

Magseis is currently working together with Shell for development of a system to deploy the MASS technology in ultra-deep water with great precision. The project is financed by Shell and Magseis with a significant contribution from Innovation Norway. The funding from Shell is received as a reimbursement of all operational expenses and recorded as a liability to reflect an agreed royalty scheme to repay the funding once the project has been commercialized.

See section 12.5.1 “Principal investments” 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.

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.

Patents have so far been applied for in relation to eight separate inventions, including an OBC system, an ultra-deep water 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, Australia, Mexico, UK and Indonesia for the Magseis OBC system. Seven other patents have also been granted in Norway. A number of national applications are pending for these seven patents. One patent application was filed in 2014 and is pending.

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/ Mexico/UK/ Indonesia (9 national pending)
Seismic sensor capsule calibration system	16.08.2012	21.09.2015	Norway (15 pending)
System for loading of seismic sensor capsules	27.11.2012	02.03.2015	Norway (12 national pending)
System for handling of seismic sensor capsules	14.05.2013	16.03.2015	Norway (7 national pending)
Storage and control unit for seismic sensor capsules	06.08.2013	23.02.2015	Norway (4 national pending)
System for seismic sensor capsule deployment	06.09.2013	27.04.2015	Norway (3 national pending)
System for cleaning of sensor capsules	11.12.2013	27.04.2015	Norway (PCT pending)

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

Description	Filing date	Issue date	Country
System for seismic sensor capsule deployment	24.10.2014	N/A	Norway/PCT

7.8 Organization

Magseis conducts its operations from three different locations. As of 31 December 2016, the Company had a total of 77 employees full time and 15 consultants.

	Main function	Number of employees 31/12/2015
Oslo, Norway	Head Office	22
Bergen, Norway	Operations Office	14
Stockholm , Sweden	Technology Office	10
Offshore		41
Total		77

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

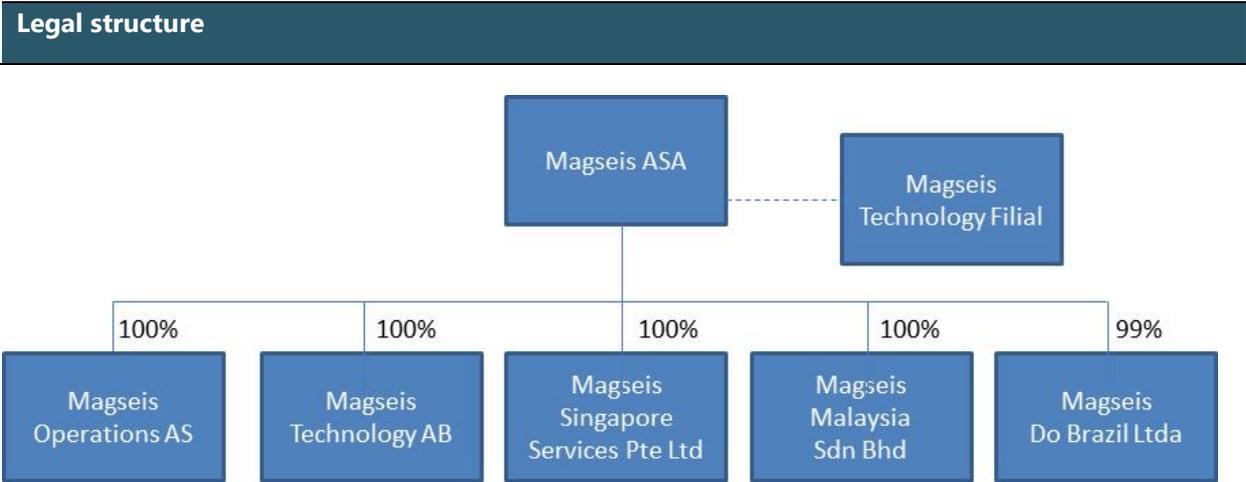
The organizational structure is set out in the chart below:

Organizational structure



7.9 Legal structure

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



Magseis ASA owns 100 % of the shares in the following subsidiaries:

- Magseis Operations AS with registered office Dicks vei 10B, 1366 Lysaker, Norway, incorporated in Norway, which is a seismic operations company which employs certain seismic crew members.
- Magseis Technology AB with registered office Färögatan 33 SE-164 51 Kista Sweden, incorporated in Sweden, which is the company through which the R&D activities in Sweden are conducted.
- Magseis Singapore Pte Ltd with registered office 11 Collyer Quay #09-01 The Arcade Singapore, incorporated in Singapore, which is a seismic operations company which employs certain seismic crew members.
- Magseis Malaysia Sdn Bhd with registered office Level 19, Tower Block, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, 50490 Kuala Lumpur Malaysia, incorporated in Malaysia, which is a seismic operations company.
- Magseis Do Brazil Ltda with registered office Rua Lauro Muller 116 Sala 506, Botafogo Rio De Janeiro Brazil, incorporated in Brazil, which is a seismic operations company (owned 99% by Magseis ASA and 1% by Maria Isabel Nogueira (director)).

7.10 Fixed assets and equipment

Fixed assets comprise mainly of a MASS cable inventory of 160km with 5,100 sensor capsules and corresponding handling equipment. The Company had per 31 December 2015 invested a total of USD 64.9 million in cable, sensors and handling equipment related to the MASS system. There are no liens on the equipment. For further details regarding investments see section 12.5 "Investments".

In addition to the equipment related to the MASS system the Company has entered into a long term lease with Artemis Athene AS (a part of the Westcon Group) 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 0.6 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. The agreement expires in December 2016.

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

During 2014 the Company entered into two separate agreements with Siemens AS for the production of up to 2400 additional sensors to be delivered during 2014 and 2015. In April 2016 the Company entered into a new contract with Siemens AS for the delivery of equipment relating to the survey for BGP and Saudi Aramco (comprising conversion of existing sensors as well as new sensor parts).

On December 2015 it was announced that it had received a letter of award from Petronas Carigali Sdn. Bhd. for a high density ocean bottom seismic survey of approximately 100 sq. km. offshore Sarawak. The project is on-going and is expected to be completed by mid May 2016.

On 10 February 2016, it was announced that the Company has, together with its partner BGP, been awarded Saudi Aramco's S78 project for large-scale ocean bottom seismic acquisition in the Red Sea. The project has an expected duration of 9 months + 1 year and is expected to commence during July 2016. The survey features complicated surface and geological conditions with a combination of deep and shallow marine work. The combination of Magseis' OBS technology (MASS) and BGP's transition zone expertise ensured the consortium's successful bid. M/V Artemis Athene, Magseis' OBS vessel, will be used for the survey.

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. A joint development agreement has also been entered into with Shell Global Solutions International B.V. as further described in section 7.6.

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 both with respect to the performance of the vessel in order to be able to operate as well as the performance under the client acquisition contracts in order to generate revenues.

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 – 2010: 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 angles 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 angles and distances to the streamers. There are currently a wide range of hybrid survey configurations combining the principles of MAZ and WAZ. During this period E&P companies also started to invest more 4D seismic which is the acquisition of seismic data at regular intervals over the same area in order to monitor the development of producing reservoirs with a view to maximising oil and gas recovery rates.

2010 – Present: Although the financial crisis slowed down the growth and development somewhat; the price for Brent crude oil eventually returned to a level between USD 90 and 130. Since the start of 2011 the activity was high with attractive prices offered by the E&P companies to the seismic contractors, before the oil price started sliding in the second half of 2014.

Today, the price of Brent Crude is fluctuating around USD 40 per barrel and several seismic companies are battling low utilisation and stretched balance sheets.

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. In 1987 a 500 square kilometre 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.

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).

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 kilometres 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 kilometres.

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 breakage in wires/fibre 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%). Finally there is OceanGeo which is owned by ION Geophysical.

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 what is 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 kilometres for shallow water systems and around 1.0 square kilometres 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 OYO Geospace with their OBX nodes.

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 Marine Autonomous System or "MASS"). The battery capacity for the Company's second generation technology ranges from 45 – 75 days depending on the operational mode selected.

8.1.4 Competitive landscape for OBS providers

Over the last couple of years, the competitive universe has been contracting. As of 2015 Year-End the OBS market capacity counted 6 crews operating their own, dedicated technology (excluding local, Chinese and very shallow water/transition zone crews). Seabed Geosolutions and Fairfield-Nodal represented five out of the total, but adjusting for stacked crews, Magseis, Fairfield Nodal and Seabed Geosolutions effectively had one crew each in operation.

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. On a project to project basis the competition will also include local, specialised players such as SAExploration and BGP that hire in equipment. 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.

OBS market capacity (YE 2015)						
Company	#	Type	Technology	Details	Max water depth (m)	
Magseis	1	OBC	MASS	150km cable / 5,000 nodes	Ultra-deep	2 000
Fairfield Nodal	1	OBN	Z-Nodal 700	2 vessels operation / ~8,000 nodes	Shallow/deep	700
"	2	OBN	Z-Nodal 3000	2 vessels operation / ~2,200 nodes	Ultra-deep	3 000
Seabed Geosolutions	1	OBC	Sercel SeaRay 300	2 vessels operation / 200km cables	Shallow	1.5-500
"	2	OBC	Sercel SeaRay 300	2 vessels operation / 100km cables	Shallow	1.5-500
"	3	OBN	Case Abyss	3 vessels operation / 1,500 nodes	Ultra-deep	3 000

Source: Prepared by Magseis ASA and Arkwright and published in the Company Presentation in relation to the Q4 2015 Report.

Publicly available on the following link: http://magseis.com/wp-content/uploads/2016/03/Magseis-Q4-presentation_020316.pdf

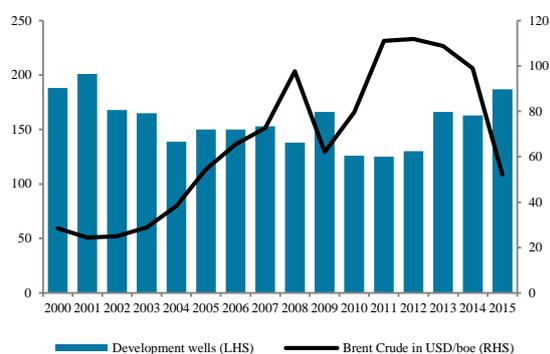
8.1.5 Application of Ocean-Bottom Seismic

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.

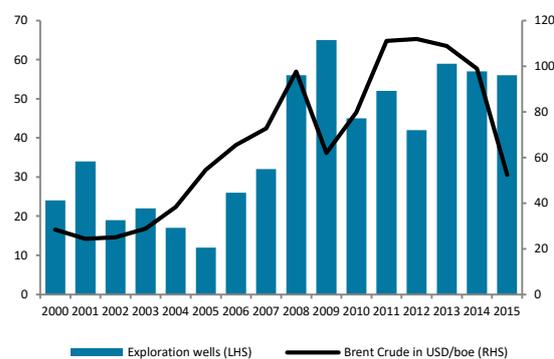
As a general observation, OBS is a less cost efficient way of acquiring seismic data than a streamer based survey. The high cost and long duration associated with OBS surveys stems from the nature of the operation, limitations on deployment and recovery speeds as well as the limited amount of equipment 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 cyclicity 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 cyclicity nor a strong correlation to the oil price, while the drilled exploration wells have a strong correlation with the oil price (typically lagged one year).

Drilled development wells on NCS



Number of drilled exploration wells on NCS



Source: NPD, 2015, Norsk sokkel i tall kart og figurer, <http://npd.no/Tema/Ressursregnskap-og-analyser/Temaartikler/Norsk-sokkel-i-tall-kart-og-figurer>

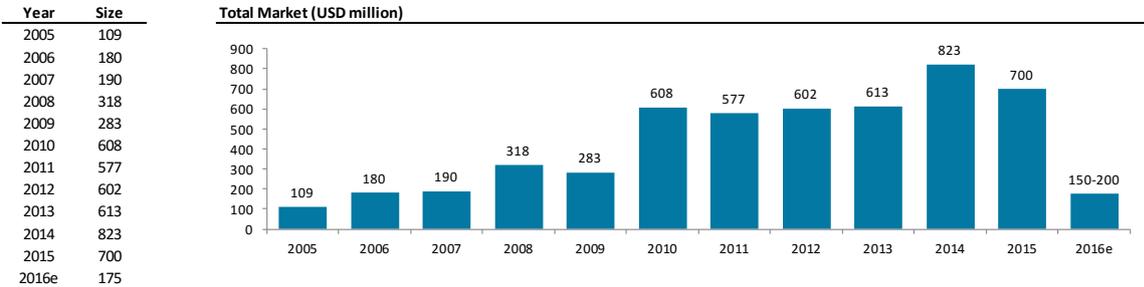
The shorter term contract structure of the seismic industry means that OBS investments will be more cyclical than development drilling, in particular during periods with significant oil price volatility such as now. OBS spending should, seen over some time remain less cyclical than streamer seismic given the close link to production spending.

8.1.6 Size of the OBS market

The graph below, compiled by the Company together with Arkwright, shows the development of the OBS market since 2005 with a compounded annual growth rate of 25% leading up to 2015. Some 6-7 years back OBS was a marginal part of the overall seismic market, but has since then exerted a steady growth and by 2015 represented approximately 13% of the marine market. During 2010 – 2013 the market flattened due to capacity constraints in the supply of available OBS crews while 2014 recorded an all-time high with the total market exceeding USD 800 million. During 2015 the market contracted somewhat while 2016 is expected to see a marked decline as the full impact on oil companies’

exploration and production budgets resulting from the sharp drop in oil prices is seen. However, based on the recently awarded contracts and number of on-going tenders a marked improvement is expected for 2017 and beyond.

Historical OBS market



Source: Compiled by Magseis ASA and Arkwright (2015-2016 estimates compiled y Magseis ASA only).

Longer term, the OBS market is projected to grow steadily as efficiency increases and costs to the clients decrease. A parallel to the historical development of the streamer industry may be drawn with the introduction of new technology seeking to increase the efficiency and the amount of OBS data required per day. This will allow faster and more cost efficient collection over potentially larger areas. Such cost reductions in combination with increasing survey sizes and OBS’ exposure towards production seismic is expected to drive steady growth going forward. More efficient methods and technologies may in addition also open up for more exploration-related OBS.

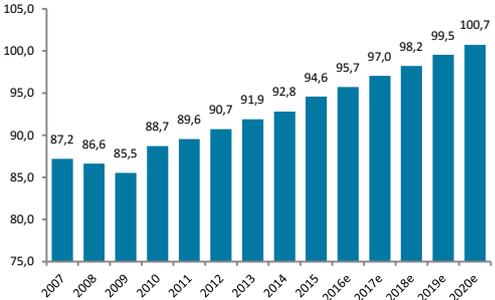
8.2 General market drivers

Historically, the seismic streamer market has been heavily dependent on oil market fundamentals and continued growth relies on E&P spending. This chapter will seek to set forth some of the underlying factors which affect historical and future spending levels.

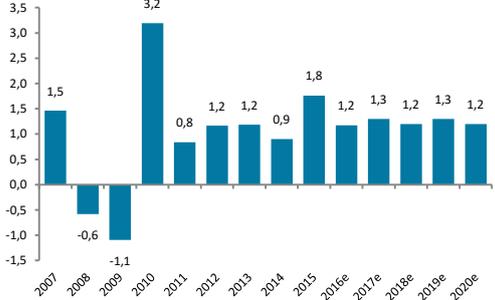
8.2.1 Oil and gas demand

Total global oil demand has been increasing steadily since 1983, only interrupted by two years of decline in 2008 and 2009. Since 2010 the demand for oil has been growing steadily, reaching approximately 94 mbd in 2015, according to IEA. The total global demand has increased by about 1-2% per year since 2010 and is expected to continue to grow at the same pace, corresponding to an annual average growth from 2015 to 2020 of between 1.2-1.3 mbd/day.

Global oil demand and IEA estimates (mb/d)



Oil demand growth and IEA estimates (mb/d)



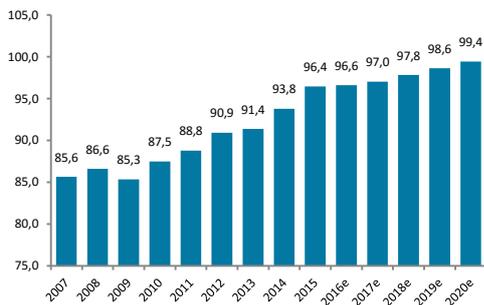
Source: IEA World Energy Outlook 2015. Data available at: http://www.iea.org/bookshop/700-World_Energy_Outlook_2015 at a cost of EUR 120.

The increase in global demand is solely driven by non-OECD countries, which offsets a decline in OECD demand. In its World Energy Outlook 2015, IEA projects an average annual growth of 1.4 mbd in non-OECD demand from 2015 to 2020, and a 0.1 mbd decline in OECD demand.

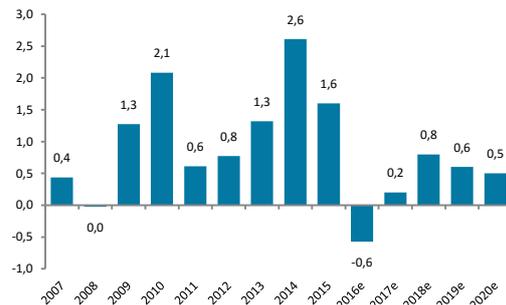
8.2.2 Oil and gas supply

After a long period characterised by strong growth in demand and supply, a healthy market balance and a stable oil price levels, prices started sliding in the second half of 2014 as signs of oversupply became evident. On the back of booming shale production in the United States, 2014 and 2015 recorded a supply growth of 2.6 mb/d and 1.6 mb/d respectively, resulting in oversupply of 0.95 mb/d and 1.85 mb/d.

Global oil supply and IEA estimates (mb/d)



Oil supply growth and IEA estimates (mb/d)



Source: IEA World Energy Outlook 2015. Data available at: http://www.iea.org/bookshop/700-World_Energy_Outlook_2015 at a cost of EUR 120.

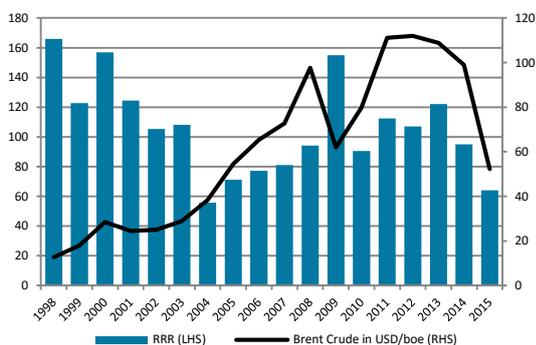
IEA is still expecting oversupply in 2016 but going forward global oil supply is once again expected to grow, although not at the same pace as the demand growth. As seen in the charts below, total global supply growth is expected to remain at fairly modest levels from 2017 onwards. Both OPEC and non-OPEC (incl. OPEC NGLs) are expected to show an average annual supply growth of 0.3 mb/d for the period of 2015 to 2020, but if adjusting for 2016 when supply growth is +0.8 mb/d and -0.6 mb/d respectively, non/OPEC countries are expected to account for the majority of growth in supply.

8.2.3 Projected global E&P spending

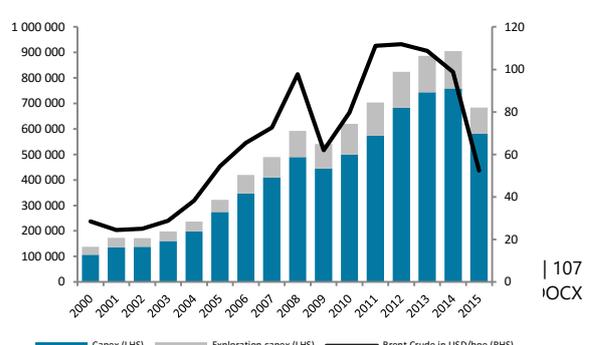
Oil companies are struggling to find new sources of supply to meet the growing demand. Their organic oil & gas reserve replacement ratio ("RRR"), which indicated how much of their production they are able to replace with new discoveries, has shown a declining trend over the last fifteen years. Hence, efforts by various oil companies in order to find new oil and gas reservoirs have increased.

Further to this, as easily accessible reserves become depleted and new oil fields are located at more remote locations with large water depths and complex geology, the marginal cost of producing one extra barrel of oil has also increased. The declining RRR combined with an increasing planning price led to a steady increase in global E&P up until 2014.

Organic reserve replacement ratio (RRR)



E&P spending (USDm) vs Brent Crude price



Source:
The
organic
_AdeB_644f

Reserve replacement ratio (reserve additions excl. acquisitions/divestments divided by production) calculated as the average of ExxonMobil, Chevron, Shell, BP, Total, Eni, ConocoPhillips and Statoil. Data is gathered and compiled by Arctic Securities Research based on publically available company information.

The figures above show the development in both organic reserve replacement ratio (for the 8 oil majors accounting for approximately 14% of global production) and E&P spending plotted against the Brent Crude oil price. Looking at these figures, it becomes evident that as long as oil prices were increasing, so did E&P spending. Oil prices at close to all-time highs provided a supportive environment for oil and gas companies trying to fight a declining RRR by increasing E&P spending, but as soon prices turned south in 2014, the industry quickly adapted to the new situation by reducing spending.

On the back of the reduction in global E&P spending, Magseis views the underlying market environment and demand for the Company's services to be more subdued compared to expectations prior to when the oil prices started to drop in 2014.

9 BOARD OF DIRECTORS, MANAGEMENT AND EMPLOYEES

9.1 Board of Directors

In accordance with Norwegian law, the Board of Directors (the "Board") 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 "CEO").

The members of the Board are elected by the general meeting of shareholders. The Company's Articles provide that the Board 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.

At the date of this Prospectus, the Board consists of five members; Anders Farestveit (Chairman), Jan Bertil Gateman, Noralf Matre, Bettina Regula Bachmann and Mari Thjømmøe.

The composition of the Board is in accordance with the recommendation in the Code, except for the information provided in section 9.6 "Board practices and corporate governance".

9.1.1 Board Members

The names of the Board members of Magesis as of the date of this Prospectus 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 Thjømmøe	2014	2016	ThjømmøeKranen 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 at the date of this Prospectus:

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

Anders Farestveit has 45 years' experience from the seismic and oil exploration industry. Anders founded GECO in 1972 and served as CEO until 1987 when Schlumberger acquired 50% of the Group. Anders served as Working Chairman of Schlumberger Norway until 1999 when he retired. Anders 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. He has been recognised for his contribution to the seismic industry and has received several awards, as Honorary Doctor University of Bergen, Honorary member SEG, Oilman of the year by Society of Petroleum Engineers SPE International 1993 and Gullkronen honour award, by Rystad Energy in 2016. He holds a Master of Science degree in Geophysics.

Noralf Matre (Non-Executive Director)

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

Jan 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, CGG 1993-1998, Geolnova, Inseis and Wavefield Inseis. He 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 Geolnova and InSeis. He holds a Master of Science degree in Marine Geology.

Mari Thjømøe (Non-Executive Director)

Mari Thjømøe has 25 years of experience from the oil and energy sector and served as Senior Vice President in Statoil ASA, has held senior positions in Norsk Hydro ASA, served as CFO of KLP, and CFO and acting CEO of Norwegian Property ASA. Mrs Thjømøe manages Thjømøekranen AS and is director/chairman of the Board in several companies. In 2014, Mrs Thjømøe was awarded the Gabrielsen Board Award. She holds a Master of Economy and Business Administration from the Norwegian Business School 1987, BI, a Chartered Financial Analyst from the Norwegian School of Economics and Business Administration 1992, NHH and has participated in the Senior Executive Programme at London Business School 2010 and "Making Corporate Boards More Effective" at Harvard Business School 2014.

Bettina Bachmann (Non-Executive Director)

Bettina Bachmann joined Shell in 1983 in The Hague as an explorer and soon moved to Tunisia, where her first assignment included geological fieldwork and exploration evaluation. This was followed by a number of postings across the Middle East and Europe in various technical and leadership roles in exploration and production. Following a short assignment to design leadership courses for exploration, Bettina moved to Upstream R&D in 2005 where she was responsible for strategy, planning and technology deployment. End 2009, Bettina was appointed Vice President for Subsurface and Wells Software in Production and Technology. Since 2012, this also includes Shell's globally organised support and deployment teams in the regions. She holds a Master's degree in geophysics from the ETH in Zurich.

9.1.2 Remuneration and benefits

The compensation for the members of the Board 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 received no remuneration in the period 1 January 2010 – May 2014. On the Company's annual general meeting 5 June 2015 it was resolved a remuneration of USD 42,000 (USD 27,000 the previous year) to the chairman of the Board and USD 35,000 (USD 22,000 the previous year) to the other Board members for the period from the annual general meeting of 2015 to the annual general meeting of 2016.

9.1.3 Directors' shareholding and options

The following table sets forth information concerning the Company's director's direct or indirect ownership of Shares, as of the date of this Prospectus and the total number of Shares post registration of Placement Shares in the Private Placement:

Name	Shares	Options	Shares post Private Placement ⁵
Anders Farestveit	3,819,684 ⁽¹⁾	160,000	4,315,684
Jan B. Gateman	3,745,050 ⁽²⁾	175,000	3,905,050
Noralf Matre	5,328,103 ⁽³⁾	0	5,328,103
Mari Thjømøe	2,500 ⁽⁴⁾	0	17,500

⁵ Assuming that the Private Placement has been completed and registered.

Bettina Bachmann	1,109,947 ⁽⁵⁾	0	1,501,957
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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

⁴ Indirect ownership through Thjømøkranen AS

⁵ Indirect ownership through Shell Technology Ventures B.V.

9.1.4 Loans and guarantees

On 18 December 2015, shareholders and board members Anders Farestveit and Jan B. Gateman provided the Company with a senior unsecured loan with a principal of NOK 4,000,000. The loan matures 18 December 2020 and has an interest of 5 % p.a. The loan will be repaid in semi-annual instalments with first instalment falling due in June 2017. In 2015, USD 1.0 thousand of interest expense is recognised in the profit and loss. In the event that Magseis raises new equity in excess of USD 10 million the loan shall be repaid.

Other than as described above, 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
Bjørn Jensen	COO	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 ("Management") of the Company as of the date of this Prospectus.

Ivar Gimse (M.Sc. in Geophysics, CEO)

Ivar 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-Prakla 1983-1998 and PGS 1998-2006 before joining InSeis in 2006 as Vice President, Business Development. He holds a Master of Science degree in Geophysics.

Mikkel Ektvedt (BA in Business Administration, CFO)

Mikkel Ektvedt has more than 15 years of experience from the finance and offshore industries. From 2000 until 2008 Mikkel worked for the corporate finance division of SEB in London and Oslo. Prior to joining Magseis, Mikkel worked as VP of corporate development for FLEX LNG in London. He 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)

See information in Section 9.1.1.

Bjørn Jensen (M.Sc. in Engineering Cybernetics, COO)

With almost 20 years of experience from the Offshore service industry, Bjørn Jensen joined Magseis in June 2014. Prior to entering his current role as COO of Magseis, he's held various managerial positions, lastly as Managing Director of iSurvey AS, a Norwegian based offshore survey company. From 1995 to 2011 Bjørn worked for PGS, both offshore and from 1998 in different roles on shore. From 2008 he held the position as VP Operations with a global operational responsibility for all PGS Marine Seismic

operations. He holds a master of Science in Engineering Cybernetics, specialising in Navigation and Control of marine vessels from NTNU in Trondheim.

9.2.2 Executive shareholdings

As of the date of the Prospectus the Management hold/control the following Shares, warrants and options in the Company:

Manager	Position	Shares	Warrants	Options	Shares post Private Placement ⁶
Ivar Gimse ¹	CEO	908,825	0	265,000	924,825
Mikkel Ektvedt	CFO	0	0	281,580	0
Bjørn Jensen	COO	0	0	105,000	0
Jan B. Gateman ²	SVP Engineering	3,745,050	0	175,000	3,905,050

Details regarding the outstanding options can be found in section 13.1.7.

¹Ownership through GNEIS AS and private investment

²Indirect ownership through Geo Innova AS

9.2.3 Remuneration and benefits

The salaries and other benefits paid to the Management for the financial year ended 31 December 2015 are shown in the table below;

<i>Figures in USD thousands</i>					
Manager	Date of Joining	Salary/consultancy fee	Pension	Options	Total
Ivar Gimse	04.09.09	185	10	11	206
Mikkel Ektvedt	01.01.12	183	9	9	201
Bjørn Jensen	01.06.14	160	9	6	175
Jan B. Gateman	04.09.09	0	0	8	8

Ivar Gimse's contract has a notice period of three months and is entitled to severance pay equivalent to three months' salary commencing at the end 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. Bjørn Jensen's contract has a notice period of three months.

Except for Mr. Gimse's contract described immediately above, no members of the Board, Management or supervisory bodies' service contracts with the issuer or any of its subsidiaries provides for benefits upon termination of employment, at the date of this Prospectus.

9.2.4 Loans and guarantees

At the date of this Prospectus the loan provided by Jan B. Gateman as described in section 9.1.4 is the Group's only outstanding loan or guarantee to any member of the Management.

9.3 Founders

The Company was founded in September 2009 by Ivar Gimse and Jan B. Gateman. See section 9.1.1 for details on Mr. Gimse and Mr. Gateman.

⁶ Assuming that the Private Placement has been completed and registered.

9.4 Directorship, partnership and management positions

The table 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 Management 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 directorships and senior management positions	Previous directorships and senior management positions last five years
Board		
Anders Farestveit	Asker Hq Invest AS (Board member), Gamle Borgenvei AS (Board member), Loginvest AS (Board member), Loginvest Bergen AS (Board member), Loginvest Forus AS (Board member), Logistikk Nord AS (Board member) and Anfar Invest AS (Chairman)	Compagnie Générale de Géophysique-Veritas and Grönersstiftelsen (Board member), Apm Invest AS (Board member)
Jan Bertil Gateman	Geo Innova AS (CEO and Chairman)	
Noralf Matre	Bjørkhaug Maritim AS (Board member), Grannesgt. 25 AS (Board member), Kvitbjørn AS (Board member), Maritim Research i AS (Chairman), Matre i AS (Board member), Matre Invest AS (Board member), Westcon Eiendom AS (Board member), Westcon Group AS (Board member), Westcon Løfteteknikk AS (Board member), Westcon Geo AS (CEO), Maritim Management AS (Chairman), Normar AS (Board member), Normar II AS (Chairman), Ølen Dokk AS (CEO and Chairman), Artemis Shipping AS (Chairman), Artemis Angler AS (Chairman), Artemis Athene AS (Chairman), Road Eiendom AS (Board member), Endure AS (Board member), Leone Shipping AS (deputy)	Industriparken Skjervøy AS (Board member), Sjøvest ANS (Partner and Board member), Westcon Invest AS (Board member), Westcon Yard AS (Board member), North Crab AS (Board member)
Mari Thjømøe	Nordic Mining ASA (Board member), Stiftelsen Sintef (Board member), E-CO Energi AS (Board member), Alladin Oil ASA (Board member), E-Co Energi Holding AS member), Bank2 ASA (Chairman), (Board member), Sevan Marine AGR ASA (Board member), Nordic ASA (Board member), Argentum Rutile AS (Board member), Asset Management AS (Board member), Onshore Petroleum Company AS	Petoro AS (Board member), SinOceanic Shipping ASA (Board member)

	member), Argentum (Chairman) Fondsinvesteringer AS (Board member), Seilspport Maritimt Forlag AS (Chairman), ThjømmøKranen AS (CEO and Board member), Færder Nasjonalparksenter lks (Chairman), Scatec Solar ASA (Board member), Avinor AS (Board member), Tryg A/S (Board member)	
Bettina Bachmann	Swiss Shell Pension fund (Director)	
Senior Management		
Ivar Gimse	Gneis AS (CEO and Chairman)	
Mikkel Ektvedt	Black Tusk AS (CEO and Chairman), Enkeltmannsforetaket – Mikkel Ektvedt (Holder)	Bos Atlantic AS (Board member), Bos Angler AS (Board member), Bos Angler Holding AS (Board member) and Bos Arctic AS (Board member)
Jan Bertil Gateman	Geo Innova AS (CEO and Chairman)	
Bjørn Jensen		iSURVEY AS (CEO), PGS Geophysical AS (Vice President Operations)

9.5 Employees

As of the financial year ended 31 December 2015, the Group had 77 full time employees and 15 full time consultants. Of the 77 employees, 41 are based offshore and 36 are based onshore. The table below illustrates the development in number of employees over the last years, as per the end of each calendar year for 2012, 2013, 2014 and 2015.

	2015	2014	2013	2012
Staff position	77	58	55	6
Contractors/secondees	15	12	13	6
Total	92	70	68	12

9.5.1 Employee Incentive schemes

In 2012 the Group established a share option programme that entitles key management personnel, senior employees and some members of the board to purchase shares in the Company. In accordance with this programme options are exercisable at the market price of the share at the date of the grant and all options are equity settled.

In 2015, 267 000 share-options were granted to employees. The grants have a strike price between NOK 22 and 25, and vesting criteria of which 20% become exercisable after one year, 30% become exercisable after two years and 50% become exercisable after three years.

9.5.2 Pensions

The Group is required to maintain a pension plan in accordance with the Norwegian Pension Benefit Act. The pension plans of the Group comply with the requirements set forth in the Norwegian Pension Benefit Act. The Group has no legal or constructive obligations to pay further contributions if the fund

does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior period. The Group has therefore no further payment obligations once the contributions have been paid. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity for pension, based on obligatory, agreed on or voluntary basis. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

The total amounts accrued by the Group to provide pension benefits for its employees are USD 254,000.

9.5.3 Statement from the Board and the Management

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 or the 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 Group believes that good and sound corporate governance creates higher shareholder value. As a result, Magseis is committed to developing high standards of Corporate Governance. Magseis' principles of Corporate Governance have been developed based on the Code.

In 2015, the Group established an audit committee, which currently consists of Mari Thjømøe (Chairman) and Anders Farestveit. The audit committee's tasks are (i) review interim and annual financial reports and processes, (ii) monitor the systems for internal control and risk management, (iii) maintain ongoing contact with the Magseis' elected auditor regarding the audit of the annual financial statement, and (iv) assess and monitor the auditor's independence, hereunder particularly to which extent other services than auditing, provided by the auditor or the auditing Company, constitute a threat against the auditor's independence.

As of the date of this Prospectus, the Company is in compliance with the Code with the following qualifications:

- Given the small size of the Company and its administration, the Board has not deemed it efficient to establish a remuneration committee for the time being;
- Based on an overall assessment of the Company's interest the majority of shareholder-elected directors are not independent of the Group's management and main business connections; and
- Currently, one director is also hired as an independent consultant and Senior Vice President, and is the third largest shareholder with ownership of approx. 13 %. The directorship is considered to be in the best interest of the Company due to his position as founder of the Company and his important knowledge of the Company's business. Further, the current

members of the Board represent 47 % of the shareholders. The Board continuously evaluates conflict of interest and the members' independence in each resolution.

9.7 Conflicts of Interest

Reference is made to the description of material contracts with Westcon as set out in section 7.11 "Material Contracts". In 2013 Westcon became the largest shareholder of the Company, and still is. At the date of this Prospectus Westcon owns 5,328,103 Shares corresponding to 14,55 % of the outstanding share capital, following the registration of new share issue as part of the NOK 85 million private placement announced on 1 April 2016. Westcon's position as an owner and a business relation may pose a potential conflict of interest.

Reference is made to the description of loans and guarantees with Anders Farestveit and Jan B. Gateman set out in 9.1.4 "Loan and guarantees". At the date of the Prospectus, Anders Farestveit owns 3,819,684⁷ Shares corresponding to 12.81% of the outstanding share capital and 160,000 options in the Company. Jan B. Gateman owns 3,745,050⁸ Shares corresponding to 12.56% of the outstanding share capital and 175,000 options in the Company. Anders Farestveit's and Jan B. Gateman's position as owners and lenders may pose a potential conflict of interest.

Except as set out above, there are no potential conflicts of interests between any duties to the issuer, of the members of the Board or the Management, and their private interests and or other duties. There are no family relations between any of the members of the Board or of the 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, 2014 and 2015. The terms and conditions of the management persons and their related parties were no more favourable 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.

In 2013 Westcon Group AS ("Westcon") became the largest shareholder of Magseis ASA and still is. The Group has entered into the following agreements with Westcon:

- In 2013 the Group entered into a vessel lease agreement (Bimco 20015 Supplytime) with fixed lease term of 5.25 years with an option for a 2 year extension. At 31 December 2015 the remaining life of the lease is 3.0 years. For the first 3 months of the lease, the Group paid a discounted rate which is recognised as a reduction to the operating lease expense on a straight line basis over the lease term. The balance of this deferred lease discount is USD 0.9 million at 31 December 2015 (2014: USD 1.8 million).
- In 2013, the Group entered into a sale & leaseback agreement regarding some of its seismic equipment. The lease term was 5 years and 2 months which reflects the leased assets economic life. The interest rate implicit in the lease (yearly effective interest rate) is 10.6%. The sale resulted in a gain of NOK 0.6m which is amortised on a straight-line basis over the lease term. At 31 December 2015 the remaining life of the sale & leaseback agreement is 2.0 years and 11 months.
- In November 2015, the Group entered into a time charter with Westcon for a source vessel. The minimum lease term is 77 days.

⁷ Indirect ownership through Anfar Invest AS and APM Invest AS.

⁸ Indirect ownership through Geo Innova AS.

As of the date of this Prospectus, Westcon owned 5,328,103 shares in the Company corresponding to 14.55% of the outstanding share capital following the registration of the Placement Shares in the Private Placement. The terms and conditions of the transactions with Westcon are no more favourable 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.

On 18 December 2015, shareholders and board members Anders Farestveit and Jan B. Gateman provided the Company with a senior unsecured loan with a principal of NOK 4,000,000. The loan matures 18 December 2020 and has an interest of 5% p.a. The loan will be repaid in semi-annual instalments with first instalment falling due in June 2017. The terms and conditions of the transactions with Anders Farestveit and Jan B. Gateman are no more favourable 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.

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 USD	Transactions	Note	Transaction value		Balance outstanding	
			31 December 2015	31 December 2014	31 December 2015	31 December 2014
<i>Name</i>						
J B Gateman	Consultant costs	(I)	171	214	39	58
N Matre/Westcon	Leases	(II)	19 541	19 007	3 673	3 478
N Matre/Westcon	Other services	(III)	1 798	1 147	24	355
Total			21 510	20 368	3 736	3 891

(I) *J B Gateman is engaged as an independent consultant as Senior Vice President.*

(II) *Relates to time charters (TC) for two vessels and a sale and leaseback arrangement at market terms. As part of the TC agreement for Artemis Athene, Westcon Group also delivers Marine Management services. In 2015 this cost amounts to USD 0.5 million. As at 31 December 2015 the remaining time charter lease term is 3 years and the sale and leaseback is 2 years and 11 months.*

(III) *In addition to the leases Westcon Group also delivered yard services during 2015.*

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. Jacob Bleie is independent of the Board and the Management. The Code states that the majority of the committee's members should be independent of the Board and Management and that at least one member should not be a member of the Board. Since the nomination committee only consists of two members the Code's guidelines are assessed to be met. The requirement for having a nomination committee and the committee's duties are incorporated in the Company's Articles. The general meeting elects the members of the committee and approves the nomination committee guidelines and remuneration. 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 term of service is two years unless otherwise decided by the general meeting.

9.10 Interest in the Rights Offering

The Manager will receive a fee based on the outcome of the Subsequent Offering. For further information please see Section 5.5 "Proceeds and costs". Employees of Arctic Securities also hold shares in Magseis. For further information please see Section 13.3 "Major shareholders".

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 Financial Statements have been prepared in accordance International Financial Reporting Standards (IFRS) as endorsed by the European Union and their interpretations adopted by the International Accounting Standards Board (IASB).

The Audited Financial Statements, are incorporated in this Prospectus by reference, please see section 17.2 "Incorporation by reference".

10.2 Accounting principles

Please refer to note 2.4 to the Audited Financial Statements for 2015 for full summary of Magseis' summary of significant accounting policies. Please see section 17.2 "Incorporation by reference".

10.3 Consolidated historical financial information

The following tables' present data extracted from the Audited Financial Statements. The tables should be read in conjunction with the financial statements as incorporated by reference in this Prospectus, please see section 17.2 "Incorporation by reference".

10.3.1 Selected Income Statement Information

The table below sets out a summary of Magseis' income statement information extracted from the Audited Financial Statements.

<i>In thousands of USD</i>	Year end 2015	Year end 2014
REVENUE AND OTHER INCOME	40 671	56 606
OPERATING EXPENSES		
Cost of sales	31 427	39 217
Research and development expenses	2 056	1 591
Selling, general and administrative costs	7 569	7 767
Other expenses	1 966	2 954
Depreciation	9 193	7 147
Amortisation	3 978	460
Impairment	119	1 119
Total operating expenses	56 308	60 255
OPERATING PROFIT (LOSS)	-15 637	-3 649
FINANCIAL INCOME AND EXPENSES		
Finance income	283	3 784
Finance costs	-717	-5 514
Net finance costs	-434	-1 730
NET PROFIT (LOSS) BEFORE TAX	-16 071	-5 379

Income tax expense	439	0
NET PROFIT (LOSS)	-16 510	-5 379
Basic earnings (loss) per share (in USD)	-0.58	-0.21
Diluted earnings (loss) per share (in USD)	-0.58	-0.21
OTHER COMPREHENSIVE INCOME		
Currency exchange differences	0	-1 155
Total comprehensive income (loss) for the year, attributable to Owners of the Company	-16 510	-6 534

10.3.2 Selected Consolidated balance sheet

The table below sets out a summary of Magseis' balance sheet information extracted from the Audited Financial Statements.

<i>In thousands of USD</i>	Year end 2015	Year end 2014
<i>Non-current assets</i>		
Equipment	47 346	46 346
Multi-client library	877	0
Intangible assets	3 543	1 939
Investment in subsidiaries	0	0
Total non-current assets	51 766	48 285
<i>Current assets</i>		
Cash and cash equivalents	11 435	21 591
Trade receivables	2 693	7 621
Other current assets	6 936	4 524
Total current assets	21 064	33 736
TOTAL ASSETS	72 830	82 021
<i>Equity and liabilities</i>		
Shareholders' equity		
Share capital	254	237
Share premium	90 945	83 755
Other equity	2 630	2 039
Retained earnings	-35 045	-18 487
Currency translation reserve	-5 123	-5 123
Total equity attributable to equity holders of the Company	53 661	62 421
TOTAL EQUITY	53 661	62 421

LIABILITIES		
<i>Non-current liabilities</i>		
Obligation under finance lease	1 891	2 739
Other non-current financial liabilities	4 402	1 369
Total non-current liabilities	6 293	4 108
<i>Current liabilities</i>		
Trade payables	7 607	8 050
Current tax payable	212	0
Current portion of obligations under finance lease	848	761
Other current liabilities	4 209	6 681
Total current liabilities	12 876	15 492
TOTAL LIABILITIES	19 169	19 600
TOTAL EQUITY AND LIABILITIES	72 830	82 021

10.3.3 Selected Consolidated Cash flow statements

The table below sets out a summary of Magseis' cash flow information extracted from the Audited Financial Statements.

<i>In thousands of USD</i>	Year end 2015	Year end 2014
Cash flows from operating activities		
Profit / (Loss) before tax	-16 071	-5 379
Adjustment for:		
Income tax paid	-245	-34
Deferred lease discount amortisation	-460	-498
Depreciation and amortisation	13 171	7 607
Impairment	119	1 119
Fair value adjustment convertible loan	0	550
Share based payments expense	591	995
Interest expense	595	454
Interest income	-49	-242
Working capital adjustments:		
(Increase) / decrease in current assets	2 487	103
Increase / (decrease) in trade and other payables and accruals	-3 763	1 273
	-1 276	1 376
Net cash from operating activities	-3 625	5 948

Cash flows from investing activities		
Interest received	49	242
Acquisition of equipment	-10 133	-13 403
Payments for capitalised development and intangibles	-1 389	-198
Multi-client library investments	-4 383	0
Net cash used in investing activities	-15 856	-13 359
Cash flows from financing activities		
Proceeds from loan	3 310	5 200
Payment of finance lease obligation	-761	-685
Proceeds from issue of share capital	7 469	20 163
Expenses related to issue of share capital	-281	-934
Interest paid	-412	-454
Net cash from financing activities	9 325	23 290
Net change in cash and cash equivalents	-10 165	15 879
Cash and cash equivalents at 1 January	21 591	6 867
Net foreign exchange difference	0	-1 155
Cash and cash equivalents at period end	11 435	21 591

10.3.4 Selected Consolidated statement of Changes in Equity

The table below sets out a summary of Magseis' changes in equity information extracted from the Audited Financial Statements.

<i>In thousands of USD</i>	Share capital	Share premium reserve	Share based payments reserve	Retained earnings	Currency translation reserve	Total
Balance at 1 January 2014	186	60 026	1 044	-13 105	-3 968	44 183
Profit / (loss) for the year	0	0	0	-5 403	0	-5 403
Other comprehensive income	0	0	0	0	-1 155	-1 155
Total comprehensive income for the period	0	0	0	-5 403	-1 155	-6 558
Share issuance	43	20 120	0	0	0	20 163
Conversion loan	8	3 992	0	0	0	4 000
Fair value adjustment convertible loan	0	550	0	0	0	550
Expenses related to share issuance	0	-868	0	0	0	-868
Expenses related to conversion of loan	0	-65	0	0	0	-65
Share-based payments (options)	0	0	995	0	0	995
Balance at 31 December 2014	237	83 755	2 039	-18 508	-5 123	62 400
Balance at 1 January 2015	237	83 755	2 039	-18 508	-5 123	62 400
Adjustments to the opening balance	0	19	0	-26	0	-6

Adjusted balance at 1 January 2015	237	83 774	2 039	-18 534	-5 123	62 394
Profit / (loss) for the period	0	0	0	-16 998	0	-16 998
Other comprehensive income	0	0	0	0	0	0
Total comprehensive income for the period	0	0	0	-16 998	0	-16 998
Share issuance	17	7 452	0	0	0	7 469
Expenses related to share issuance	0	-281	0	0	0	-281
Share-based payments (options)	0	0	591	0	0	591
Balance at 31 December 2015	254	90 945	2 630	-35 532	-5 123	53 174

10.3.5 Significant changes in financial trading position after 31 December 2015

On 1 April 2016, the Company raised gross proceeds of NOK 85 million in new equity in the Private Placement. The price in the book-building process was set at NOK 12.50 per share, and 6,800,000 Shares will be issued following the Private Placement. The completion of the Private Placement was approved by the EGM held on 29 April 2016. Further information is included in section 5.1 "The Purpose of the Private Placement and the Subsequent Offering" and section 5.2 "The Private Placement".

The Board of Directors proposed to the EGM a subsequent offering of 1,200,000 shares at a subscription price of NOK 12.50, implying total gross proceeds of up to NOK 15 million, directed towards shareholders of Magseis as of 31 March 2016 (as recorded in the VPS as of 4 April 2016) who were not invited to participate, or applied for but were not allocated shares in the Private Placement, and who are not resident in a jurisdiction where such offering would be unlawful or, for jurisdictions other than Norway, would require any prospectus, filing, registration or similar action which was approved by the EGM held on 29 April 2016. Further information is included in section 5.1 "The Purpose of the Private Placement and the Subsequent Offering" and section 5.3 "The Subsequent Offering".

Except for the significant developments described above, Magseis is not aware of any significant changes in the financial or trading position of Magseis which has occurred since 31 December 2015.

10.4 Segment information

The Company 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

	2015	2014
Operating revenues (USD thousand)	40 671	56 606
Earnings before Interest, Taxes, Depreciation and Amortization (USD thousand)	-2 347	5 077
Net income (USD thousand)	-16 510	-5 379
Book equity (end of period) (USD thousand)	53 661	62 421
Basic earnings/loss per share	-0.58	-0.21
Diluted earnings/loss per share	-0.58	-0.21
Book equity per share (end of period)	1.8	2.26
Equity ratio (%) end of period	73.7%	76.1%
Annualized return on equity (%)	-55.4%	-19.8%
Number of employees	77	58
Dividend per share	0	0

Definitions of financial key figures:

Book equity per share: $\text{Book equity} / \text{Number of shares at period end}$

Basic earnings per share: $\text{Profit/loss of the year} / \text{Weighted average number of ordinary shares}$

Diluted earnings per share: $\text{Profit/loss of the year} / \text{Weighted average number of fully diluted shares}$

Equity ratio: $\text{Book equity at period end} / \text{Total assets at period end}$

Annualized return on equity: $\text{Profit/loss after taxes} / \text{Book equity at period end}$

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 (Nw. "Den Norske Revisorforening").

KPMG has audited the Audited Financial Statements. The audit reports thereon were unqualified. KPMG has also conducted a review in accordance with ISRE 2410 on Interim Financial Statements. 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, please see section 17.2 "Incorporation by reference".

11 OPERATING AND FINANCIAL REVIEW

Discussions of the financial condition and result of the operations is incorporated by reference in this Prospectus, please see section 17.2 "Incorporation by reference". The 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".

12 LIQUIDITY AND CAPITAL RESOURCES

The information below is derived from the Audited Financial Statements. The information should be read in conjunction with the financial statements as incorporated by reference in this Prospectus, please see section 17.2 "Incorporation by reference".

12.1 Cash flow – 2015 compared to 2014

Cash flow from operating activities was USD -3.6 million in 2015 compared to a positive USD 5.9 million during the same period of 2014. The deviation from EBITDA (USD -2.3 million) is due to changes in the working capital. The net cash outflow from investing activities amounted to USD -15.9 million for 2015 compared to USD -13.4 million during the same period of 2014. 2015 investments included USD 10.4 million in seismic equipment additions and USD 4.4 million in Multi-client Library investments. In 2015, cash flow from finance activities was USD 9.3 million and reflects a share issue in June and the proceeds related to the cooperation agreement with Shell Global Solutions offset by instalments and paid interest relating to the finance lease. The cash flow from finance activities for 2014 was USD 23.3 million and reflects the share issuance conducted in April 2014 and proceeds from a convertible loan.

Main changes in cash and cash equivalents in 2016 relate to a pre-funding agreement of USD 8 million and new equity capital of NOK 85 million where the new issue is subject to approval at an extraordinary general meeting 29 April 2016. Furthermore, total committed capital and operational expenditure investments in 2016 are estimated at USD 14.4 million, as referenced in section 12.5 "Investments".

12.2 Working capital statement

As of the date of this Prospectus, the Company is of the opinion that the Group's 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.

12.2.1 Key ratios

The table below sets forth some consolidated key ratios for Magseis as of 31 December 2015 and 31 December 2014.

Key ratios	2015	2014
Working capital ratio ⁹	1.64	2.18
Debt to equity ratio ¹⁰	0.10	0.05
Solidity ¹¹	0.90	0.94

12.3 Funding structure and restrictions on the use of capital

As of 31 December 2015, Magseis was funded by USD 0.3 million in equity. The Company had USD 6.2 million in interest-bearing debt of which USD 5.4 million was non-current and USD 0.8 million was current. The interest-bearing debt consisted of a finance lease for seismic equipment, a loan from shareholders and Node deployer financing. Non-interest-bearing debt amounted to USD 12.8 million whereof USD 0.9 million was classified as non-current liabilities (amortization of discounted Time charter rate) and USD 11.8 million was classified as current liabilities. In addition the Company held USD 11.4 million in cash, down from USD 21.6 million as of 31 December 2014. Magseis' cash and cash

⁹ Current assets/current liabilities.

¹⁰ Total interest bearing debt/total equity plus total interest bearing debt.

¹¹ Equity/total capital. (Equity + total non-current liabilities)

equivalents consisted solely of deposits with banks. Magseis has no undrawn credit facilities. Magseis' cash is held in NOK, SEK, GBP and USD. Magseis' functional currency is USD as the majority of revenue and costs have been in USD. As of the date of this Prospectus, the Company has not utilized financial instruments for hedging purposes.

The Group has contracted backlog to April 2017, which is a particular achievement in the seismic industry currently. Magseis is undertaking tenders for a significant volume of work related to 2017 season. On this basis, the Group is working to manage its cost and liquidity position. Magseis is undertaking tenders for a significant volume of work related to 2017 season. On this basis, the Group is working to manage its cost and liquidity position. The Group has at the end of March 2016 successfully raised new equity capital of MNOK 85 and will conduct a subsequent repair offering of up to MNOK 15 during May 2016. The new issue is subject to approval at an extraordinary general meeting in April 2016. Further, during March Magseis has received credit committee approval from The Norwegian Export Credit Guarantee Agency (GIEK) for an equipment purchase loan facility of up to USD 4m from Export Credit Norway. Final term sheet and loan documentation are still to be negotiated but expected to be finalised by GIEK and Export Credit Norway within Q2 2016. The Board expects that the Group despite of operating in a challenging market will have the ability to grow further as the backlog and position in the Ocean Bottom Seismic ("OBS") market continues to develop.

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.

12.4 Capitalization and indebtedness

The following tables set forth the capitalization and indebtedness of Magseis as per 31 December 2015 and the date of the Prospectus.

<i>Amounts in USD 000</i>	Magseis ASA 31.12.2015	Adjustments	As of date of Prospectus
Total Current debt:	12 876	0	12 876
Guaranteed	0	0	0
Secured	848	0	848
Unguaranteed / Unsecured	12 028	0	12 028
Total Non-Current debt (excluding current portion of long-term debt):	6 293	0	6 293
Guaranteed	0	0	0
Secured	1 891	0	1 891
Unguaranteed / Unsecured	4 402	0	4 402
Shareholder's Equity:	53 661	10 279	63 940

a. Share Capital	254	10 279	10 533
b. Legal Reserve	90 945	0	90 945
c. Other Reserves	-37 538	0	-37 538
Total Capitalization	72 830	10 279	83 109

Indebtedness

<i>Amounts in USD 000</i>	Magseis ASA 31.12.2015	Adjustments	As of date of Prospectus
A. Cash	11 435	10 279	21 714
B. Cash equivalents	0	0	0
C. Restricted cash	0	0	0
D. Liquidity (A)+(B)+(C)	11 435	10 279	21 714
E. Current financial receivables	2 693	0	2 693
F. Current bank debt	0	0	0
G. Current portion of non-current debt	848	0	848
H. Other current financial debt	7 607	0	7 607
I. Current financial debt (F)+(G)+(H)	8 455	0	8 455
J. Net current financial indebtedness (I)-(E)-(D)	-5 673	-10 279	-15 952
K. Non-current bank loans	0	0	0
L. Bonds issued	0	0	0
M. Other non-current loans	6 293	0	6 293
N. Non-current financial indebtedness (K)+(L)+(M)	6 293	0	6 293
O. Net financial indebtedness (J)+(N)	620	-10 279	-9 660

The change is the Private Placement of NOK 85 million in cash and equity (using a USD/NOK exchange rate of 8.2692).

The secured current and long-term debt is related to a sale & leaseback agreement with Westcon Group (related party) regarding some of its seismic equipment. The lease term is 5 years and 2 months which reflects the leased assets economic life. The interest rate implicit in the lease (yearly effective interest rate) is 10.6% (using a USD/NOK exchange rate of 5.990 at the time of the conversion to USD as a functional currency for the Company). At 31 December 2015 the remaining life of the sale & leaseback agreement is 2 years and 11 months.

As at 31 December 2015 and the date of the Prospectus, the Company has no indirect or contingent indebtedness.

12.5 Investments

12.5.1 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, production 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 two main categories:

- (1) Seismic equipment used on the seabed; and
- (2) Seismic equipment under construction is mainly Nodes under development

A large part of seismic related investments were conducted in 2013 and 2012. Investments made during 2014 and 2015 are primarily related to upgrading capacity (primarily increasing the number of sensors and cable inventory) on Artemis Athene as well as introducing the second generation of MASS sensor technology.

The Company's Research & Development strategy has remained constant since the start of operations which is to continuously develop our proprietary small sized, long life MASS system to improve efficiency and enable expansion into related areas.

The table below provides an overview of the Company's investment activities for the period ended 31 December 2015 and 31 December 2014.

<i>Figures in USD thousands</i>	2015	2014
Intangibles	2 075	225
Seismic equipment (1)	1 521	4 281
Seismic equipment under finance lease (1) ¹²	0	0
Seismic equipment under construction (2)	8 780	13 280
Office machines	67	124
Total capital expenditure investments	12 443	17 910
Research & Development 1 ¹³	2 056	1 591
Multi-Client Library	4 383	0
Total operational expenditure investments	18 882	19 501

12.5.2 Future commitments

As at the date of this Prospectus the Company has entered into commitments for the upcoming Aramco survey in Saudi-Arabia. The table below provides an overview of the commitments and when these commitments will fall due for payment.

¹² Seismic equipment under finance lease comprises a package of equipment (including winches) that was subject to a sale, leaseback transaction with Westcon during 2013. No new agreements like this have been entered into during 2014 – 2015.

¹³ Research & development expensed in the profit and loss.

<i>Figures in USD thousands</i>	2016	2017	Total
Intangibles	795	0	795
Seismic equipment	10 265	4 725	14 990
Total capital expenditure investments	11 060	4 725	15 785
Research & Development (OPEX)	3 296	727	4 024
Total capital and operational investments	14 357	5 452	19 809

Seismic investments in 2016 are mainly for preparation of the Red Sea project for Aramco with USD 9.0 million. Research and development cost in 2016 is USD 3.3 million and there has been no new multi-client investment in 2016. Total capital and operational investments are USD 14.4 million in 2016.

As of the date of the Prospectus the investment has only been for seismic equipment of USD 1,3 million and R&D Opex of USD 0.8 million in 2016, Total capital and operational investment of USD 2.1 million.

The commitments are expected to be financed partly by pre-payments under the service contract, the proceeds from the Private Placement and potential export credit or other loans.

12.6 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 2015 and the date of this Prospectus, nor is the Company aware of such changes or trends that may or are expected to be significant to Magseis for the current financial year, except for the changes related to the transactions as set forth below:

On 10 February Magseis announced that it has been awarded the largest project awarded to the company since inception, by BGP for the provision of OBS acquisition services related to Saudi Aramco's S-78 survey in the Red Sea. The survey duration is estimated at 9 months and with a potential extension of 12 months. The survey is expected to commence during Q3 2016, securing backlog into Q2 2017.

Further Magseis has entered into a pre-funding agreement of USD 8 million from BGP to assist the financing of required investments for the award.

Further, during March 2016 Magseis has received credit committee approval from The Norwegian Export Credit Guarantee Agency (GIEK) for an equipment purchase loan facility of up to USD 4 million from Export Credit Norway. Final term sheet and loan documentation are still to be negotiated but expected to be finalized by GIEK and Export Credit Norway within Q2 2016.

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

13 SHARE CAPITAL AND SHAREHOLDER MATTERS

The following description includes certain information concerning the Company's share capital, a brief description of certain provisions contained in the Company's Articles and Norwegian law in effect as of the date of this Prospectus. Any change in the Articles is subject to approval by a general meeting of shareholders. This summary does not intend to be complete and is qualified in its entirety by the Company's Articles of Association and Norwegian law.

13.1 SHARE CAPITAL AND SHARES

13.1.1 General

Magseis 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. The Company is governed by the Norwegian Public Limited Companies Act. The Company's registered address is Dicks vei 10b, 1366 Lysaker, Norway with corporate registration number 994 547 852 and telephone number +47 23 36 80 20.

Magseis' independent auditor is KPMG, Sørkedalsveien 6, 0306 Oslo, Norway. KPMG is a member of Den Norske Revisorforening (the Norwegian Institute of Public Accountants).

13.1.2 Share capital

As of the date of this Prospectus, Magseis' registered share capital is NOK 1.490.900,70 divided into 29 818 014 Shares with a nominal value of NOK 0.05 each. All shares are authorised and fully paid.

Assuming that the Private Placement has been completed and registered, the registered share capital will be NOK 1.830.900,70 divided into 36,618,014 Shares with a nominal value of NOK 0.05 each.

The Company has one class of shares, each Share carrying equal shareholder rights, including voting rights at general meetings. The Company's Articles does not provide for limitations on the transferability or ownership of Shares.

The Shares have been created under the Norwegian Public Limited Liability Companies Act and registered in book-entry form with the VPS under the International Securities Identification Number (ISIN) NO 0010663669. The registrar for the shares is DNB Bank ASA, Dronning Eufemias gate 30, N-0191 Oslo, Norway.

13.1.3 Treasury Shares

As of the date of this Prospectus, Magseis does not own any treasury shares.

13.1.4 Warrants

As of the date of this Prospectus, the Company has not issued any warrants.

13.1.5 Convertible loans

As of the date of this Prospectus, the Company has not issued any convertible loans.

13.1.6 Authorisations to issue new Shares

At the general meeting 5 June 2015 the Board of Directors was granted the following authorizations to issue new Shares¹⁴:

Authorization to the Board to conduct capital increase regarding the Company's option program

"a) The Board of Directors is authorized to increase the Company's share capital by a total amount of up to NOK 103 500 by one or several share issues of up to a total of 2 070 000 shares, each with a nominal

¹⁴ Include existing authorizations as at the date of the Prospectus.

value of NOK 0.05. The subscription price and other terms will be determined by the Board of Directors. The subscription price and other terms will be determined by the Board of Directors.

b) The authorization includes the right to increase the Company's share capital in return for non-cash contributions or the right to assume special obligations on behalf of the Company.

c) The preferential rights pursuant to Section 10-4 of the Public Limited Liability Companies Act may be deviated from by the Board of Directors.

d) The authorization may only be used for issuing of new shares in relation to the Company's option and bonus programs existing at any time.

e) The authorization shall be effective from the date it is registered in the Norwegian Register of Business Enterprises and shall be valid until and including 30 June 2016.

f) The authorization replaces the current authorization when registered in the Norwegian Register of Business Enterprises."

Authorization to the Board to conduct capital increase by way of issue shares for providing financial flexibility

"a) The Board of Directors is authorized to increase the Company's share capital by a total amount of up to NOK 149 090, by one or several share issues of up to a total of 2 981 800 shares, each with a nominal value of NOK 0.05. The subscription price and other terms will be determined by the Board of Directors.

b) The authorization includes the right to increase the Company's share capital in return for non-cash contributions or the right to assume special obligations on behalf of the Company.

c) The preferential rights pursuant to Section 10-4 of the Public Limited Liability Companies Act may be deviated from by the Board of Directors.

d) The authorization may only be used to provide the Company with financial flexibility, including in connection with investments and acquisitions.

e) The authorization shall be effective from the date it is registered in the Norwegian Register of Business Enterprises and shall be valid until and including 30 June 2016.

f) The authorization replaces the current authorization when registered in the Norwegian Register of Business Enterprises."

Authorisation to acquire own shares

At the general meeting 5 June 2015 the Board of Directors was granted the following authorization to acquire own shares:

"a) The Board of Directors is authorized to acquire shares in the Company. The shares are to be acquired at market terms in or in connection with a regulated market where the shares are traded.

b) The maximum face value of the shares which the Company may acquire pursuant to this authorization is in total NOK 135 000. The minimum amount which may be paid for each share acquired pursuant to this power of attorney is NOK 5, and the maximum amount is NOK 100.

c) The authorization comprises the right to establish pledge over the Company's own shares.

d) This authorization is valid from registration with the Norwegian Register of Business Enterprises and until and including 30 June 2016.

e) The authorization replaces the current authorization when registered in the Norwegian Register of Business Enterprises."

As of the date of the Prospectus, the Board of Directors has not used any of the abovementioned authorizations.

As at the date of the Prospectus, the Board of Directors does not have any authorisations to issue independent subscription rights or convertible loans.

The shares issued pursuant to the Private Placement and the Subsequent Offering are and will be issued in accordance with the resolution by the EGM held 29 April 2016.

13.1.7 Options

As at 31 December 2016 the following share options are outstanding

Date of issue	Number of options
01.01.2012	46 360
22.06.2012	254 560
13.03.2013	875 600
16.07.2013	210 000
16.10.2013	96 000
31.03.2014	60 000
01.05.2014	30 000
15.05.2014	45 000
01.06.2014	100 000
20.02.2015	15 000
05.03.2015	20 000
18.09.2015	232 000
Total on 31 December 2016	1 984 520

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

List of outstanding options	2016	Weighted average exercise price (NOK)	2015	Weighted average exercise price (NOK)
Outstanding at January 1	1 984 520	20,95	1 717 520	20,71
Options granted	0		267 000	22,43
Options exercised	0		0	0
Options forfeited	0		0	0
Outstanding on 31 December	1 984 520			
Exercisable at 31 December	926 720	20,30		

At 31 December 2015, 1 984 520 options were outstanding of which 926 720 were exercisable and have an exercise price in the range of USD 1.10 to USD 2.70 and a weighted average contractual life of 1.62 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 160 000 were exercisable at the date of the prospectus. Outstanding options have a weighted remaining option life and exercise period of 0.95 years. The exercise price is NOK 20.90.

Jan Gateman has been allocated 175 000 options of which all 175 000 options were outstanding and 160 000 were exercisable at the date of the prospectus. Outstanding options have a weighted remaining option life and exercise period of 1.17 years. The weighted average exercise price is NOK 20.99.

Ivar Gimse has been allocated 265 000 options of which all 265 000 options were outstanding and 196 000 were exercisable at the date of the prospectus. Outstanding options have a weighted remaining option life and exercise period of 1.30 years. The weighted exercise price is NOK 21.28.

Mikkel Ektvedt has been allocated a total of 281 580 options of which all 281 580 options were outstanding and 236 580 were exercisable at the date of the prospectus. Outstanding options have a remaining option life and exercise period of 0.98 years. The exercise price range is NOK 9.7 – 23.75.

Bjørn Jensen has been allocated a total of 105 000 options of which all 105 000 options were outstanding and 20 000 were exercisable at the date of the prospectus. Outstanding options have a remaining option life and exercise period of 2.23 years. The exercise price range is NOK 22 – 25.

Senior employees have been allocated a total of 455 940 options of which all 455 940 options were outstanding and 353 940 were exercisable at the date of the prospectus. Outstanding options have a remaining option life and exercise period of 1.26 years. The exercise price range is NOK 18.7 – 22.

Except for the options described above and in section 9.5.1 "Employee incentive schemes", the Company has not issued any options.

13.1.8 Transferability and foreign ownership

There are no restrictions on trading in the Company's Shares and no restrictions on foreign ownership of the Company's Shares.

13.1.9 Legislation and rights attached to the Shares

Reference is made to the review of legislation and rights attached to the Company's Shares in section 13.5 "Articles of Association and general shareholder matters".

13.1.10 Mandatory offers

Section 14.8 "Mandatory offer requirement" which outlines the legislation on mandatory offers applicable to Norwegian companies listed on Oslo Børs and Oslo Axess. The Company has not been subject to any public take-over bids the last 12 months.

13.2 HISTORICAL DEVELOPMENT IN SHARE CAPITAL AND NUMBER OF SHARES

The following table sets forth the development of the Company's share capital since incorporation and until the date of the Prospectus (all figures in NOK).

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	0	1,307,573	26,151,460
25/06/14	Loan conversion		0.05	23,75	1,358,128.05	27,162,561
11/06/15	Share issue	132,772.65	0.05	22	1,490,900.70	29,818,014

Note: NOK, except for number of shares.

As of 1 January 2015, the Company had a total number of shares of 27,162,561 each with a nominal value of NOK 0.05.

13.3 MAJOR SHAREHOLDERS

The 20 largest shareholders of Magseis per 29 April 2016 are shown in the table below:

Shareholder	Number of shares	% of total
WESTCON GROUP AS	5 328 103	17,87
ANFAR INVEST AS	3 819 684	12,81
GEO INNOVA AS	3 745 050	12,56
CLIPPER A/S	1 538 409	5,16
BARRUS CAPITAL AS	1 323 740	4,44
VPF NORDEA KAPITAL C/O JPMORGAN EUROPE	1 200 787	4,03
SHELL TECHNOLOGY VEN NORDEA RE:NON-TREATY	1 109 947	3,72
OP-EUROPE EQUITY FUN C/O CITIBANK NA	944 249	3,17
GNEIS AS	908 825	3,05
VERDIPAPIRFONDET KLP	747 615	2,51
VPF NORDEA AVKASTNIN C/O JPMORGAN EUROPE	745 412	2,50
EUROCLEAR BANK S.A./ 25% CLIENTS	678 092	2,27
STOREBRAND VEKST JPMORGAN EUROPE LTD,	577 159	1,94
STOREBRAND NORGE I JPMORGAN EUROPE LTD,	519 698	1,74
INVESCO PERP EUR SMA BNY MELLON SA/NV	500 000	1,68
KOMMUNAL LANDSPENSJO	495 780	1,66
MP PENSJON PK	484 020	1,62
WESTMAR AS	320 400	1,07
NORDEA 1 SICAV 562 R NORDEA LUX LENDING A	275 352	0,92
INVESCO FUNDS BNY MELLON (LUXEMBOURG)	270 000	0,91

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 "Share Capital and Shares", in particular section 13.5, 13, 6 and 13.7 thereof, and section 14 "Securities Trading in Norway" 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.

13.4 NOTIFIABLE SHAREHOLDINGS

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 or 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.

13.5 ARTICLES OF ASSOCIATION AND GENERAL SHAREHOLDER MATTERS

13.5.1 General

The Company's Articles are included as Appendix A to 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.

13.5.2 The Company's objective

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.

13.5.3 Restriction on transfer of shares

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

13.5.4 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.

13.5.5 The Board of Directors and signatory rights

Pursuant to section 5 of the Articles, the board shall consist of three to five members. The chairman of the board of directors is elected by the general meeting.

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

13.5.6 Voting rights and shareholders rights

Magseis has one class of shares and each share carries equal voting rights at the general meeting. The Articles do not set forth additional conditions with regard to changing the rights of shareholders other than required by the Norwegian Public Limited Companies Act.

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 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 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. 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. 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. Changes to or exemptions from the Articles 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 or provide proof of its beneficial ownership. Beneficial owners of Shares that are registered in the name of a nominee may not be entitled to vote under Norwegian law unless such Shares are registered in the name of the beneficial owner, nor are any persons who are designated in the register as holding such Shares as nominees entitled to vote such Shares.

Readers should note that there are varying opinions as to the interpretation of Norwegian law in respect of the right to vote nominee-registered shares. For example, Oslo Børs has in a statement on 21 November 2003 held that in its opinion "nominee-shareholders" may vote in general meetings if they prove their actual shareholding prior to the general meeting.

Under the Public Limited Companies Act shareholders will have preferential rights to subscribe for new securities issued by the Company, unless such rights are waived with 2/3 majority.

A shareholder will have right to a share in the profits of the Company that are distributed as dividend, as well as any surplus following liquidation of the Company. There is no time limit after which entitlement to dividends lapses under the Norwegian Public Limited Companies Act or the Company's Articles. Furthermore, there are no dividend restrictions for non-resident shareholders. See section 15 "Norwegian taxation" for a description of the Norwegian tax rules that apply to dividend paid to Norwegian and foreign shareholders.

The shares are not subject to redemption rights with the exemption provided for below under section 14.9 "Compulsory Acquisition". There are no conversion provisions applicable to the Shares.

13.5.7 General meetings

The Articles 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 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.

13.5.8 Shareholder vote on certain reorganizations

A decision to merge with another company or to demerge requires a resolution of the shareholders passed by 2/3 of the aggregate votes cast at a general meeting. A merger plan or demerger plan signed by the board of directors along with certain other required documentation would have to be sent to all shareholders at least one month prior to the shareholders' meeting.

13.6 CERTAIN ASPECTS OF NORWEGIAN LAW

Additional issuances and preferential rights

If Magseis issues any new shares, including bonus share issues, its Articles must be amended, which requires the same vote as other amendments to its Articles. In addition, under Norwegian law, Magseis' shareholders have a preferential right to subscribe to issues of new shares. The preferential rights to subscribe to an issue may be waived by a resolution in a general meeting passed by the same vote required to approve amendments to the Articles. A waiver of the shareholders' preferential rights in respect of bonus issues requires the approval of all outstanding shares, irrespective of class.

The general meeting may, with a vote as required for amendments to the Articles, authorize the Board of Directors to issue new shares, and to waive the preferential rights of shareholders in connection with such issuances. Such authorization may be effective for a maximum of two years, and the par value of the shares to be issued may not exceed 50% of the registered nominal share capital when the authorization is registered.

Under Norwegian law, bonus shares may be issued, subject to shareholder approval, by transfer from Magseis' distributable equity or from its share premium reserve. Any bonus issues may be effectuated either by issuing shares or by increasing the par value of the shares outstanding.

To issue shares to holders who are citizens or residents of the United States upon the exercise of preferential rights, Magseis may be required to file a registration statement in the United States under United States securities laws. If Magseis decides not to file a registration statement, such holders may not be able to exercise their preferential rights and in such event would be required to sell such rights to eligible Norwegian persons or other eligible non-U.S. holders to realize the value of such rights.

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, 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, the minority shareholders cannot pursue the claim in the Company's name.

Indemnification of directors

Neither Norwegian law nor the Articles 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. After completion of the Offering, the New 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.

13.7 SHAREHOLDER AND DIVIDEND POLICY

13.7.1 Shareholder policy

Any acquisition of own shares will be at market price, and the Company will not deviate from the principle of unreasonable unequal treatment of all shareholders.

13.7.2 Dividend policy

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.

13.7.3 Dividend history

The Company has not declared or paid any dividends since incorporation.

13.7.4 Procedure for dividend payments

Any potential future payments of dividends on the Shares will be denominated in NOK, and will be paid to the shareholders through the VPS. Payment to investors registered in the VPS whose address is outside Norway will be conducted by the VPS registrar based on information received from the VPS. Investors with an address outside Norway who have registered a valid bank account with the VPS will receive the dividend payment to the registered bank account while investors who have not registered a bank account with the VPS will receive the dividend payment as a check mailed to the address that the investor has registered in the VPS.

13.7.5 Certain legal constraints on the distribution of dividends

Under Norwegian law, no interim dividends may be paid in respect of a financial period as to which audited financial statements have not been approved by the Annual General Meeting of shareholders. Any proposal to pay a dividend must be recommended or accepted by the Board of Directors and approved by the shareholders at a general meeting. The shareholders may vote to reduce (but not to increase) the dividends proposed by the board of directors. Dividends in cash or in kind are payable only out of (i) the annual profit according to the adopted income statement for the last financial year, (ii) retained profit from previous years, and (iii) distributable reserves, after deduction of (a) any uncovered losses, (b) the book value of research and development, (c) goodwill, (d) net deferred tax assets recorded in the balance sheet for the last financial year, the aggregate value of any treasury shares that the company has purchased or been granted security over during the preceding financial years, (f) any credit or security given pursuant to s 8-7 to 8-9 of the Norwegian Public Limited Companies Act and provided always that such distribution is compatible with good and prudent business practice with due regard to any losses which may have occurred after the last balance sheet date or which may be expected to occur. The company cannot distribute any dividends if the equity, according to the balance sheet, amounts to less than 10% of the total balance sheet without following the procedure for capital decrease with two months' creditor notice period.

The Board of Directors will consider the amount of dividend (if any) to recommend for approval by the Company's shareholders, on an annual basis, based upon the earnings of the company for the years just ended and the financial situation of the company at the relevant point in time. Hence, the shareholders do not have an absolute entitlement to share in the Company's profits.

Under Norwegian foreign exchange controls currently in effect, transfers of capital to and from Norway are not subject to prior governmental approval. However, all payments to and from Norway shall be registered with the Norwegian Currency Registry. Such registration is made by the entity performing the transaction. Further, each physical transfer of payments in currency shall be notified to the

Norwegian customs. Consequently, a non-Norwegian resident may receive dividend payments without Norwegian exchange control consent if such payment is made through a licensed bank.

The Norwegian Public Limited Liability Companies Act does not provide for any time limit after which entitlement to dividends lapses.

All shareholders that are shareholders at the time the general meeting makes its resolution are entitled to dividend.

14 SECURITIES TRADING IN NORWAY

As a company listed on Oslo Axess, Magseis is subject to certain duties to inform the market under the Stock Exchange Regulations, and the insider trading regulation of Chapter 3 of the Securities Trading Act. Furthermore, the Company is subject to Norwegian securities regulations and supervision by the relevant Norwegian authorities.

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 CET and 16:20 CET each trading day, with a pre-trade period between 08:15 CET and 09:00 CET, a closing auction between 16:20 CET and 16:25 CET and a post-trade period from 16:25 CET to 16:30 CET. The settlement period for trading on Oslo Børs/Oslo Axess is two trading days (T+2).

Investment services in Norway may only be provided by Norwegian investment firms holding a license under the Norwegian Securities Trading Act, branches of investment firms from a member state of the European Economic Area (the "EEA"), or investment firms from outside the EEA that have been licensed to operate in Norway. Investment firms in an EEA member state may also provide cross-border investment services into Norway.

It is possible for investment firms to undertake market-making activities in shares listed in Norway if they have a license to this under the Norwegian Securities Trading Act, or, in the case of investment firms in an EEA member state, a license to carry out market-making activities in their home jurisdiction. Such market-making activities will be governed by the regulations of the Norwegian Securities Trading Act relating to brokers' trading for their own account. Such market-making activities do not as such require notification to the Norwegian Financial Supervisory Authority or Oslo Børs, except for the general obligation of investment firms that are members of Oslo Børs to report all trades in stock exchange listed securities.

14.2 INFORMATION, CONTROL AND SURVEILLANCE

Under Norwegian law, Oslo Børs is required to perform a number of surveillance and control functions. The Surveillance and Corporate Control unit of Oslo Børs monitors all market activity on a continuous basis. Market surveillance systems are largely automated, promptly warning department personnel of abnormal market developments.

Under Norwegian law, implementing the EU Market Abuse Directive, a company that is listed on a Norwegian regulated market, or that is subject to the application for listing on such market, must promptly release any inside information (i.e., precise information about financial instruments, the issuer thereof, or other matters that are likely to have a significant effect on the price of the relevant financial instruments or related financial instruments, and that are not publicly available or commonly known in

the market). A company may, however, delay the release of such information in order not to prejudice its legitimate interests, provided that it is able to ensure the confidentiality of the information and that the delayed release would not be likely to mislead the public. Oslo Børs may levy fines on companies violating these requirements.

14.3 THE VPS AND TRANSFER OF SHARES

The Company's shareholder register is operated through the VPS. The VPS is the Norwegian paperless 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 are both wholly owned by Oslo Børs VPS Holding ASA. Oslo Axess is a market place run by Oslo Børs.

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 Børs or Oslo Axess are obliged to make an unconditional general offer for the purchase of the remaining shares in the company within four weeks or, within the same period, dispose of a number of voting shares which brings the percentage of voting rights down to or below 1/3.

The shareholder must, immediately upon reaching any of the said thresholds, notify the Company and Oslo Børs accordingly and of whether it will make a mandatory offer or perform a sell-down. A notice informing about a disposal can be altered to a notice of making an offer within the four week period, while a notice stating that the shareholder will make an offer cannot be amended and is thus binding. The mandatory offer obligation ceases to apply if the person, entity or consolidated group notifies the Company and Oslo Børs of its decision to sell down and then sells the portion of the shares that exceeds the relevant threshold within four weeks of the date on which the mandatory offer obligation was triggered.

An offer is subject to approval by Oslo Børs before submission of the offer to the shareholders or made public. The offer price per share must be at least as high as the highest price paid or agreed to be paid by the offeror in the six-month period prior to the date the 1/3 threshold was exceeded, but at least equal to the market price if it is clear that the market price was higher when the mandatory offer obligation was triggered. 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, cf. section 13.7.4, 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 to the extent the dividends exceed a tax free allowance. Dividend in excess of the tax free allowance is multiplied with 1.15 and taxed as ordinary income at a flat rate of 25%. The effective tax rate for taxable dividends is hence 28.75%.

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 2015, the risk-free interest rate is set at 0.6%. 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. The allowance is provided that the dividends are lawful pursuant to accounting and company law. Otherwise, no allowance will be granted.

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 25%, implying that dividends from shares qualifying under the participation exemption method are effectively taxed at a rate of 0.75%. 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 25%~~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 are taxable to the extent the distributed amount exceeds a tax free allowance. Distribution in excess of the tax free allowance is multiplied with 1.15 and taxed as ordinary income at a flat rate of 25%. The effective tax rate for taxable distributions is hence 28.75%. The amount of allowance is calculated in the way as the allowance for individual shareholders, ref. above. 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 generated by a Norwegian Individual Shareholder through realization of shares is taxable in Norway to the extent the gain exceed a tax free allowance. Gain in excess of the tax free allowance is multiplied with 1.15 and taxed as ordinary income at a flat rate of 25%. The effective tax rate for taxable gains is hence 28.75%. A loss is multiplied with 1.15 and is tax deductible from the ordinary income basis with a corresponding tax value of 28.75%. Such capital gain or loss is included in or deducted from the shareholder's ordinary income in the year of disposal. 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.

When calculating the 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 are taxable to the extent the distributed amount exceeds a tax free allowance. Distribution in excess of the tax free

allowance is multiplied with 1.15 and taxed as ordinary income at a flat rate of 25%. The effective tax rate for taxable distributions is hence 28.75%. See "Norwegian Individual Shareholders" under section 15.1.1 "Taxation of dividends" above for a description of the calculation of the allowance. For partners who are Norwegian companies etc., 3 % of the distributions are taxed as ordinary income.

15.1.3 Taxation of Subscription Rights

A Norwegian Shareholder's subscription for shares pursuant to a subscription right is not subject to taxation in Norway. Any costs related to the subscription for shares will be added to the cost price of the shares.

15.1.4 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 0,85% 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.

15.1.5 Inheritance tax

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

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 Taxation of Subscription Rights

A Foreign Shareholder's subscription for shares pursuant to a subscription right is not subject to taxation in Norway.

15.2.4 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.

15.2.5 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 or subscription rights in Norwegian companies.

16 LEGAL MATTERS

None of the companies in the Group 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 Group and/or the Group's financial position or profitability. None of the companies in the Group is aware of any such legal or arbitration proceedings being threatening.

17 ADDITIONAL INFORMATION

17.1 SIGNIFICANT HOLDINGS OTHER THAN SUBSIDIARIES

At the date of the Prospectus the Company has no significant holdings other than its subsidiaries.

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/investors/reports.

Section in the Prospectus	Disclosure requirements of the Prospectus	Reference document and link	Page in reference document
Section 10, 11, 12	Audited historical financial information (Annex XXV section 20.1)	Annual report 2015 http://magseis.com/investors/reports/	18-24
		Annual report 2014 http://magseis.com/investors/reports/	17-21
Section 4, 10	Audit report (Annex XXV, section 20.3)	Annual report 2015 http://magseis.com/investors/reports/	49-50
		Annual report 2014 http://magseis.com/investors/reports/	43-44
Section 9, 10, 11, 12	Accounting policies (Annex XXV, section 20.1.)	Annual report 2015 http://magseis.com/investors/reports/	25-30

17.3 NO SIGNIFICANT CHANGE

Apart from the Private Placement as further described in section 5.3 "The Private Placement" there has been no significant change in the financial or trading position of the Group since 31 December 2015.

17.4 DOCUMENTS ON DISPLAY

For the life of this Prospectus, the documents listed below, 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.

- The Memorandum of Incorporation and Articles of the Company.
- All reports, letters, and other documents, historical financial information, valuations and statements prepared by any expert at the Company's request any part of which is included or referred to in the Prospectus.
- The audited consolidated financial statements for Magseis for the financial year 2014 and 2015.
- Stock exchange notices distributed by the Company through Oslo Børs' information system.
- This Prospectus.

17.5 THIRD PARTY INFORMATION

Market and industry data used throughout this Prospectus was obtained from various publicly available or independent third party sources. Although the Company believes that these independent

sources are generally reliable, the accuracy and completeness of such information are not guaranteed and have not been verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and the limitations and uncertainties inherent in any statistical survey of market size or consumer demand. References in this Prospectus to research reports or articles should not be construed as depicting the complete findings of the entire referenced report or article. The information in each report or article is not incorporated by reference into this Prospectus. 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 the information published by that third party, no facts have been omitted that would render the reproduced information inaccurate or misleading.

Articles	The articles of association of Magseis ASA, as amended and restated from time to time
Anti Money Laundering Legislation	The Norwegian Money Laundering Act of 6 March 2009 no. 11 and the Norwegian Money Laundering Regulations
Audited Financial Statements or Financial Statements	The Group's audited consolidated financial statements as of, and for the years ended 31 December 2015 and 2014
Board or Board of Directors	The board of directors of the Company, as constituted from time to time
Bookrunner	Arctic Securities AS
CEO	Chief Executive Officer
Code	Norwegian Code of Practice for Corporate Governance
Co-Manager	Sparebank 1 Markets AS
Company Register	The Norwegian Register of Business Enterprises
Company or Magseis	Magseis ASA, a Norwegian public limited company
EGM	Extraordinary general meeting of the Company
Eligible Shareholders	Shareholders of the Company at the Record Date, except for those shareholders who were not invited to participate, or applied for but were not allocated shares in the Private Placement and who are not resident in a jurisdiction where such offering would be unlawful or, for jurisdictions other than Norway, would require any prospectus, filing, registration or similar action.
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
Forward-looking statements	Statements, including, without limitation, projections and expectations regarding the Group's future financial position, business strategy, plans and objectives
GBP	The currency of the United Kingdom, (British Pound)

GIEK	Norwegian Export Credit Guarantee Agency
Group	Magseis ASA together with Magseis Operations AS and Magseis Technology Filial
IFRIC	IFRS Interpretations Committee
IFRS	International Financial Reporting Standards as adopted by EU
Ineligible Jurisdictions	Member states of the EEA that have not implemented the Prospectus Directive, Australia, Canada, Hong Kong, Japan, the United States, Switzerland or any other jurisdiction in which it would not be permissible to offer the Subscription Rights and/or the New Shares
Ineligible Person	Other person than a Shareholder in an Ineligible Jurisdiction
Ineligible Shareholders	Subscription Rights of Eligible Shareholders resident in jurisdictions where the Prospectus may not be distributed and/or with legislation that, according to the Company's assessment, prohibits or otherwise restricts subscription for New Shares
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 Sparebank 1 Markets AS
Management	The executive management of the Company, as constituted from time to time
MASS	Marine Autonomous Seismic System
New Shares	Subsequent offering and listing of up to 1,200,000 new shares in the Company
NOK	The Norwegian kroner, the lawful currency of the Kingdom of Norway (Norwegian: "krone")
Norwegian Corporate Shareholders	Shareholders which are limited liability companies (and certain similar entities) resident in Norway for tax purposes
Norwegian Individual Shareholders	Shareholders who are individuals resident in Norway for tax purposes
Norwegian Securities Trading Act	The Norwegian Securities Trading Act of 29 June 2007 no. 75

Norwegian FSA	The Financial Supervisory Authority of Norway
OBC	Ocean bottom cable
OBS	Ocean bottom seismic
Oslo Axess	Regulated market, operated by Oslo Børs ASA
Oslo Børs	Oslo Stock Exchange, owned and operated by Oslo Børs VPS Holding ASA (see www.oslobors.no)
Payment Date	20 May 2016, being the due date for payment for the New Shares
Placement Shares	6,800,000 shares issued in the Private Placement to be listed on Oslo Axess.
Private Placement	The private placement announced on 31 March 2016 and resolved by the EGM on 29 April 2016
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
R&D	Research and development
Record Date	Shareholders of the Company as of end of trading 31 March 2016 as registered with the VPS on 4 April 2016
Registrar / VPS Registrar	DNB Bank ASA
Shareholders	Person or legal entity registered in the VPS Register as holder of a Share
Shares	A share of par value NOK 0.05 in the capital of the Company
Sole Lead Manager	Arctic Securities AS
Subscribers	Subscribers (the "Subscribers") in the Subsequent Offering by the Company or the Managers
Subscription Form	The form which subscription for New Shares must be made
Subscription Price	NOK 12.50 per share
Subscription Period	4 May 2016 to 18 May 2016 at 16.30 CET.

Subscription Rights	Non-transferable subscription rights that provide preferential rights to subscribe and to be allocated New Shares at the Subscription Price.
Subsequent Offering	Offering of New Shares upon exercise of Subscription Rights
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
Vessel	The one vessel currently used by the Company
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
Westcon	Westcon Group AS

19 APPENDICES

APPENDIX A – ARTICLES OF ASSOCIATION

Articles of Association

For Magseis ASA

Adopted 8 June 2015

§ 1

The company's name is Magseis ASA. The company is a public limited company.

§ 2

The company's registered office is in the municipality of Bærum.

§ 3

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.

§ 4

The company's share capital is NOK 1,490,900.70 divided into 29,818,014 shares, each with a normal value of NOK 0.05.

The company's shares are registered in the securities register.

§ 5

The company's board consists of three to five members. The chairman of the board of directors is elected by the general meeting. The right of signature lies with two board members jointly or by the chief executive officer alone. The board may grant power of procuration.

§ 6

The ordinary general meeting is held each year within end of June. For documents concerning issues to be addressed at the general meeting that are made available to the shareholders on the company's website, the statutory requirement that the documents must be sent to the shareholders does not apply. This also applies to the documents that pursuant to law must be included in or attached to the notice convening the general meeting. A shareholder can however demand that such documents are sent to him.

Access is given to communicate messages, warnings, information, documents, notifications and similar by e-mail to the company's shareholders.

General meetings are chaired by an independent chairman who is elected by the general meeting.

Shareholders are entitled to attend and vote at the General Meeting only when their acquisition of shares has been entered in the register of shareholders by no later than the fifth business day prior to the General Meeting (the record date).

Shareholders who wish to take part in the General Meeting, must give notice to the Company by the date stated in the Calling Notice, which date must be at least two working days before the General Meeting.

In the Company's General meeting each share has one vote. 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 this § 6.

§ 7

The ordinary general meeting shall address the following issues:

1. Approval of the annual report and annual accounts, including distribution of dividends.
2. Other issues falling within the scope of the general meeting.

§ 8

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 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. The period of service commences from the time of being elected unless otherwise decided. It terminates at the end of the annual general meeting of the year in which the period of service expires. Even if the period of service has expired, the member must remain in his or her position until a new member has been elected.

The remuneration to the members of the nomination committee shall be determined by the general meeting.

The nomination committee shall have the following responsibilities:

- (i) To give the general meeting its recommendations regarding the election of board members to be elected by the shareholders;
- (ii) To give the general meeting its recommendations regarding the remuneration to the board members;
- (iii) To give the general meeting its recommendations regarding the election of members of the nomination committee; and
- (iv) To give the general meeting its recommendations regarding the remuneration of the nomination committee.

The general meeting may issue further guidelines for the nomination committee's work.

APPENDIX B – SUBSCRIPTION FORM

MAGSEIS ASA SUBSEQUENT OFFERING

SUBSCRIPTION FORM

For information regarding the Subsequent Offering (the “**Subsequent Offering**”) with subscription rights (“**Subscription Rights**”) for shareholders in Magseis ASA (the “**Company**”) as of end of 31 March 2016 Shareholders as registered with VPS on 4 April 2016 who were not invited to participate, or applied for but were not allocated shares in the private placement, and who are not resident in a jurisdiction where such offering would be unlawful or, for jurisdictions other than Norway, would require any prospectus, filing, registration or similar action (the “**Eligible Shareholders**”), reference is made to the prospectus dated 3 May 2016 (including annexes) issued in connection with the Subsequent Offering (the “**Prospectus**”). Such information may also be requested from the Company. Subscription of new shares (the “**New Shares**”) may take place through correctly completing this subscription form (the “**Subscription Form**”) and thereafter returning it to **Arctic Securities AS, Haakon VII’s gt 5, P.O. Box 1833 Vika, 0123 Oslo, Norway, telefax: + 47 21 01 31 36 (the “Manager”)** by telefax, ordinary post, by e-mail to subscription@arctic.com or hand-delivery so that it is received in the period from and including 4 May 2016 to 18 May 2016 at 16:30 CET (the “**Subscription Period**”). It is not sufficient for the Subscription Form to be postmarked within the expiry of the Subscription Period. **Subscribers resident in Norway can obtain information and subscribe for New Shares by using the following Internet pages: www.arctic.com within the Subscription Period. Subscribers who are residents of Norway with a Norwegian personal identification number may also subscribe for the New Shares through the VPS online subscription system by following the link on www.arctic.com (which will redirect the subscriber to the VPS online subscription system).** Subscriptions made through the VPS online subscription system must be duly registered before the expiry of the Subscription Period. Subscribers for New Shares bear the risk of any postal delays, unavailable fax lines or technical computer problems relating to the above mentioned Internet addresses which result in a subscription or a Subscription Form not being received within the Subscription Period.

The Company and the Manager reserve the right to disregard improperly completed, delivered or executed Subscription Forms, or any subscription which may be unlawful. By delivering the Subscription Form to the Manager for registration, or by subscription through VPS online subscription system, the subscription for New Shares is irrevocable and may not be withdrawn, cancelled or modified. By subscribing for New Shares, the subscriber represents and warrants that it has read the Prospectus and is eligible to subscribe for New Shares in accordance therewith, and that it accepts the terms and conditions set out in this Subscription Form and in the Prospectus as applicable to its subscription of New Shares.

DETAILS OF THE SUBSCRIPTION

The Company’s articles of association, the notice of the extraordinary shareholders meeting with appendices, minutes from the extraordinary shareholders meeting including the wording of the resolution of the shareholders meeting to increase the Company’s share capital, as well as the annual accounts and the annual report for the last year, is available at the Company’s office.

Guidelines for the subscriber (See back page) shall be considered a part of this Subscription Form.

Subscriber’s VPS-account no.	No. of Subscription Rights	Subscribes for (number of shares) at NOK 12.50 per New Share	Total amount to be paid NOK

Irrevocable authorisation to debit account (must be filled in):

The undersigned hereby grants an irrevocable authorisation to the Manager to debit the Norwegian bank account set out herein for the allotted amount (the value in NOK of: number of allotted shares * NOK 12.50)

Norwegian bank account no. (11 digits)

Place and date of subscription. Telephone (at day time)/Telefax/e-mail. (Must be dated within the Subscription Period)

Binding signature. The subscriber must have legal capacity. When signed by proxy, documentation in the form of company certificate or power of attorney must be enclosed.

INFORMATION ON THE SUBSCRIBER (ALL FIELDS MUST BE COMPLETED):

Subscriber’s VPS account no. (12 digits):	PLEASE NOTIFY THE REGISTRAR OF ANY CHANGES
Subscriber’s name/company name etc.:	
Street address etc. (private subscribers; home address):	
Postal code, area and country:	
Date of birth/national ID number/company: Organisation/registration number	
Dividends to be credited to bank account no. (11 digits):	
Nationality:	
Telephone (at day time)/Telefax/e-mail:	

GUIDELINES FOR THE SUBSCRIBER

Subscription for New Shares in the Subsequent Offering is made on the terms and conditions set out in this Subscription Form and in the Prospectus, including limitations set out in Section 5 “The Private Placement and the Subsequent Offering”. Shareholders as of the end of 31 March 2016 as registered with the Norwegian Central Securities Depository (“VPS”) on 4 April 2016 (the “Record Date”), who were not invited to participate, or applied for but were not allocated shares in the Private Placement, and who are not resident in a jurisdiction where such offering would be unlawful or, for jurisdictions other than Norway, would require any prospectus, filing, registration or similar action (“Eligible Shareholders”, as defined in the Prospectus) will receive 0.30085 Subscription Right for each share in the Company held as of this date, which will be registered on each Eligible Shareholder’s VPS account. One Subscription Right will give the right to be allocated one New Share at the Subscription Price. The Subscription Rights are not transferable and are registered with the VPS under the ISIN NO 001 0764038. Oversubscription and subscription without Subscription Rights is permitted, although with no guarantee that any New Shares will be allotted for such subscriptions. In case of oversubscription, the allocation will be made in accordance with the principles set out in section 5.3 “The Subsequent Offering” of the Prospectus. The Subscription Price is NOK 12.50 per New Share, which is identical to the subscription price per Share in the Private Placement, resolved by the Extraordinary General Meeting dated 29 April 2016. Notifications of allocations of New Shares are expected to be issued on or about 19 May 2016. By subscribing for New Shares in the Subsequent Offering, the subscriber grants the Manager an irrevocable authorisation to debit the allotted subscription amount in NOK from the bank account designated by the subscriber. The debiting of the account will take place on or about 20 May 2016. The entire subscription amount must be available on the designated bank account at the latest within 19 May 2016 16:30 CET. The earliest possible date the allocated New Shares can be delivered is on or about 23 May 2016, provided that sufficient funds have been credited to the account and that all conditions for the Subsequent Offering have been fulfilled. The Company and the Manager reserve the right to make up to three debit attempts within 27 May 2016 if there are insufficient funds on the account on the first debiting date. If payment is not received when due (i.e. 20 May 2016), the Company and the Manager reserve the right to re-allot, cancel or reduce the subscription in total or in part in accordance with the Public Limited Liability Companies Act Section 10-12, cf. Section 2-13. Interest will accrue on late payments at the applicable rate according to the Norwegian Act on Interest on Overdue Payments of 17 December 1976 no. 100, which at the date of this Prospectus is 8.75 per cent per annum. The non-paying subscribers will remain fully liable to pay the amount payable for the Offered Shares allocated to them, irrespective of such pre-funding, together with any interest, costs, charges and expenses accrued. If payment has not been received within three days after the due date for payment, the Manager reserves the right to assume ownership of such unpaid Offered Shares or appoint a third party to sell such unpaid Offered Shares for the relevant subscriber’s risk and account, in accordance with section 10-12 fourth paragraph item no. 3 of the Norwegian Public Limited Companies Act.

The share capital increase pertaining to the New Shares will be registered with the Norwegian Register of Business Enterprises (*Foretaksregisteret*) as soon as payment of the entire proceeds for the New Shares has been received by the Company and the conditions for the registration of the increase in share capital are fulfilled. The New Shares allocated to subscribers in the Subsequent Offering will thereafter be distributed to the subscribers’ VPS accounts. Provided that all conditions for the Subsequent Offering have been fulfilled, the earliest date the New Shares can be registered with the Norwegian Register of Business Enterprises is on or about 23 May 2016. Such conditions may not have been fulfilled on that date, in which case registration of the New Shares will be postponed accordingly. In the event the Subsequent Offering will be cancelled, the Subscription Rights will lapse without value, subscriptions for, and allotments of, New Shares that have been made will be disregarded and any subscription payments made will be returned without interest.