

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the quarterly period ended  
**September 30, 2019**

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number **001-35471**

**SAExploration Holdings, Inc.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**27-4867100**  
(I.R.S. Employer  
Identification No.)

**1160 Dairy Ashford Road, Suite 160, Houston, Texas, 77079**

(Address of principal executive offices)

(Zip Code)

**(281) 258-4400**

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, par value \$0.0001	SAEX	NASDAQ Capital Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

As of January 27, 2020, the registrant has 4,299,670 shares of common stock outstanding.

## EXPLANATORY NOTE

SAExploration Holdings, Inc. (together with its subsidiaries, “we,” “our” or “us”) has filed an amendment to our Annual Report on Form 10-K for the year ended December 31, 2018 (the “Form 10-K/A”), to amend and restate our consolidated financial statements and related footnote disclosures as of December 31, 2018 and 2017 and for the years ended December 31, 2018 and 2017 (including the unaudited quarterly periods within 2018 and 2017). The Form 10-K/A also includes under “Item 6. Selected Financial Data” restated selected consolidated statement of operations data for the years ended December 31, 2016, 2015 and 2014 and restated selected consolidated balance sheet data as of December 31, 2016, 2015 and 2014. Accordingly, this Form 10-Q for the quarterly period ended September 30, 2019 (this “Form 10-Q”) contains our restated unaudited condensed consolidated financial statements and related disclosures as of December 31, 2018 and for the three-month and nine-month periods ended September 30, 2018. These unaudited condensed consolidated financial statements include our accounts and those of our subsidiaries that are wholly-owned, controlled by us or a variable interest entity (“VIE”).

Please see the “Explanatory Note” to the Form 10-K/A and “Note 3. Restatement of Previously Reported Consolidated Financial Statements” and “Note 24. Quarterly Data” to our consolidated financial statements in “Item 8. Financial Statements and Supplementary Data” of the Form 10-K/A for additional information about the restatement. We delayed the filing of this Form 10-Q pending the restatement described therein.

For a description of the effect of the restatement as of December 31, 2018 and for the three-month and nine-month periods ended September 30, 2018, see “Note 2. Restatement of Previously Reported Unaudited Condensed Consolidated Financial Statements” to our consolidated financial statements in “Item 1. Financial Statements” contained herein. In connection with the restatement of our consolidated financial statements in the Form 10-K/A, management determined that material weaknesses exist in our internal control over financial reporting and that our disclosure controls and procedures were ineffective during the Non-Reliance Periods. For a description of the material weaknesses identified by management and management’s implemented and planned remediations for those material weaknesses, please see “Item 4. Controls and Procedures” contained herein.

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

SAExploration Holdings, Inc.  
Condensed Consolidated Balance Sheets  
(In thousands, except number of shares)  
(Unaudited)

	September 30, 2019	December 31, 2018 (Restated)
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 13,378	\$ 7,579
Restricted cash	257	271
Accounts receivable, net	27,140	26,463
Deferred costs on contracts	5,360	3,746
Prepaid expenses and other current assets	4,102	2,843
Total current assets	50,237	40,902
Property and equipment, net of accumulated depreciation and amortization of \$89,372 and \$81,904, respectively	27,881	35,334
Multiclient seismic data library, net	3,684	4,733
Operating lease right-of-use assets	6,976	—
Goodwill	1,736	1,687
Intangible assets, net of accumulated amortization of \$1,157 and \$932, respectively	3,828	4,066
Tax credits receivable, net	12,104	13,198
Deferred income taxes	56	2,160
Other assets	270	267
Total assets	\$ 106,772	\$ 102,347
<b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>		
Current liabilities:		
Accounts payable	\$ 10,691	\$ 10,103
Accrued liabilities	7,724	10,498
Income and other taxes payable	2,600	3,331
Operating lease liabilities	3,056	—
Current portion of long-term debt and finance leases	582	7,837
Deferred revenue	5,432	4,357
Total current liabilities	30,085	36,126
Long-term debt and finance leases	103,358	83,205
Other long-term liabilities	4,318	380
Commitments and contingencies		
Stockholders' deficit:		
Common stock, 4,299,670 and 3,100,496 shares outstanding, respectively	—	—
Additional paid-in capital	235,583	232,661
Accumulated deficit	(266,453)	(249,349)
Accumulated other comprehensive loss	(2,435)	(3,035)
Treasury stock, at cost, 208,009 and 111,245 shares, respectively	(2,232)	(1,866)
SAExploration stockholders' deficit	(35,537)	(21,589)
Noncontrolling interest	4,548	4,225
Total stockholders' deficit	(30,989)	(17,364)
Total liabilities and stockholders' deficit	\$ 106,772	\$ 102,347

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

**SAExploration Holdings, Inc.**  
**Condensed Consolidated Statements of Operations**  
*(In thousands, except per share amounts)*  
*(Unaudited)*

	<b>Three Months</b>		<b>Nine Months</b>	
	<b>Ended September 30,</b>		<b>Ended September 30,</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
		<b>(Restated)</b>		<b>(Restated)</b>
Revenue from services	\$ 23,274	\$ 15,003	\$ 205,866	\$ 69,009
Cost of services	17,075	16,193	162,122	61,908
Depreciation and amortization	2,930	2,951	9,405	7,667
Gross profit (loss)	3,269	(4,141)	34,339	(566)
Operating expenses:				
Selling, general and administrative expenses	13,698	14,576	33,806	28,628
Misappropriation of funds	55	265	328	626
Total operating expenses	13,753	14,841	34,134	29,254
Operating (loss) income	(10,484)	(18,982)	205	(29,820)
Other (expense) income, net:				
Interest expense, net	(3,714)	(4,738)	(10,843)	(10,225)
Foreign exchange loss, net	(1,351)	(331)	(851)	(2,510)
Other income, net	1,875	1,372	2,788	1,609
Total other expense, net	(3,190)	(3,697)	(8,906)	(11,126)
Loss before income taxes	(13,674)	(22,679)	(8,701)	(40,946)
Income taxes	(689)	(48)	5,830	(83)
Net loss	(12,985)	(22,631)	(14,531)	(40,863)
Less: net income attributable to noncontrolling interest	—	10	2,573	904
Net loss attributable to SAExploration	\$ (12,985)	\$ (22,641)	\$ (17,104)	\$ (41,767)
Loss per common share (basic and diluted)	\$ (1.64)	\$ (8.41)	\$ (2.19)	\$ (45.34)
Weighted average common shares outstanding (basic and diluted)	7,930	3,384	7,818	2,090

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

**SAExploration Holdings, Inc.**  
**Condensed Consolidated Statements of Comprehensive Loss**  
*(In thousands)*  
*(Unaudited)*

	<b>Three Months</b>		<b>Nine Months</b>	
	<b>Ended September 30,</b>		<b>Ended September 30,</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
		<b>(Restated)</b>		<b>(Restated)</b>
Net loss	\$ (12,985)	\$ (22,631)	\$ (14,531)	\$ (40,863)
Other comprehensive (loss) income:				
Foreign currency translation adjustment	990	192	600	2,005
Comprehensive loss	(11,995)	(22,439)	(13,931)	(38,858)
Less: comprehensive income attributable to noncontrolling interest	—	10	2,573	904
Comprehensive loss attributable to SAExploration	<u>\$ (11,995)</u>	<u>\$ (22,449)</u>	<u>\$ (16,504)</u>	<u>\$ (39,762)</u>

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

**SAExploration Holdings, Inc.**  
**Condensed Consolidated Statements of Changes in Stockholders' Deficit**  
*(In thousands)*  
*(Unaudited)*

**Three Months Ended September 30, 2019**

	Common Stock	Additional Paid-In Capital	Accumulated Deficit (Restated)	Accumulated Other Comprehensive Loss	Treasury Stock	Total SAExploration Stockholders' Deficit (Restated)	Noncontrolling Interest	Total Stockholders' Deficit (Restated)
Balances at June 30, 2019	\$ —	\$ 235,638	\$ (253,468)	\$ (3,425)	\$ (2,232)	\$ (23,487)	\$ 5,298	\$ (18,189)
Net (loss) income	—	—	(12,985)	—	—	(12,985)	—	(12,985)
Other comprehensive income	—	—	—	990	—	990	—	990
Equity-based compensation cost	—	(55)	—	—	—	(55)	—	(55)
Distributions to noncontrolling interest	—	—	—	—	—	—	(750)	(750)
Balances at September 30, 2019	<u>\$ —</u>	<u>\$ 235,583</u>	<u>\$ (266,453)</u>	<u>\$ (2,435)</u>	<u>\$ (2,232)</u>	<u>\$ (35,537)</u>	<u>\$ 4,548</u>	<u>\$ (30,989)</u>

**Three Months Ended September 30, 2018**

	Common Stock	Additional Paid-In Capital	Accumulated Deficit (Restated)	Accumulated Other Comprehensive Loss	Treasury Stock	Total SAExploration Stockholders' Deficit (Restated)	Noncontrolling Interest	Total Stockholders' Deficit (Restated)
Balances at June 30, 2018	\$ —	\$ 177,023	\$ (208,010)	\$ (3,269)	\$ (288)	\$ (34,544)	\$ 5,464	\$ (29,080)
Net (loss) income	—	—	(22,641)	—	—	(22,641)	10	(22,631)
Other comprehensive income	—	—	—	192	—	192	—	192
Equity-based compensation cost	—	6,473	—	—	—	6,473	—	6,473
Purchase of treasury stock	—	—	—	—	(1,578)	(1,578)	—	(1,578)
Accretion of discount on Series A preferred stock	—	(5,336)	—	—	—	(5,336)	—	(5,336)
Dividend on Series A preferred stock	—	(495)	—	—	—	(495)	—	(495)
Conversion of Series A preferred stock	—	(15,427)	—	—	—	(15,427)	—	(15,427)
Common stock and Series E warrants issued in conversion of Series A preferred stock	—	54,045	—	—	—	54,045	—	54,045
Conversion option related to 6% convertible notes due 2023, net of allocated costs	—	15,361	—	—	—	15,361	—	15,361
Distribution to noncontrolling interest	—	—	—	—	—	—	(500)	(500)
Balances at September 30, 2018	<u>\$ —</u>	<u>\$ 231,644</u>	<u>\$ (230,651)</u>	<u>\$ (3,077)</u>	<u>\$ (1,866)</u>	<u>\$ (3,950)</u>	<u>\$ 4,974</u>	<u>\$ 1,024</u>

**SAExploration Holdings, Inc.**  
**Condensed Consolidated Statements of Changes in Stockholders' Deficit (continued)**  
*(In thousands)*  
*(Unaudited)*

**Nine Months Ended September 30, 2019**

	Common Stock	Additional Paid-In Capital	Accumulated Deficit (Restated)	Accumulated Other Comprehensive Loss	Treasury Stock	Total SAExploration Stockholders' Deficit (Restated)	Noncontrolling Interest	Total Stockholders' Deficit (Restated)
Balances at December 31, 2018	\$ —	\$ 232,661	\$ (249,349)	\$ (3,035)	\$ (1,866)	\$ (21,589)	\$ 4,225	\$ (17,364)
Net (loss) income	—	—	(17,104)	—	—	(17,104)	2,573	(14,531)
Other comprehensive income	—	—	—	600	—	600	—	600
Issuance of common stock	—	578	—	—	—	578	—	578
Purchase of treasury stock	—	—	—	—	(366)	(366)	—	(366)
Equity-based compensation cost	—	2,344	—	—	—	2,344	—	2,344
Distributions to noncontrolling interest	—	—	—	—	—	—	(2,250)	(2,250)
Balances at September 30, 2019	<u>\$ —</u>	<u>\$ 235,583</u>	<u>\$ (266,453)</u>	<u>\$ (2,435)</u>	<u>\$ (2,232)</u>	<u>\$ (35,537)</u>	<u>\$ 4,548</u>	<u>\$ (30,989)</u>

**Nine Months Ended September 30, 2018**

	Common Stock	Additional Paid-In Capital	Accumulated Deficit (Restated)	Accumulated Other Comprehensive Loss	Treasury Stock	Total SAExploration Stockholders' Deficit (Restated)	Noncontrolling Interest	Total Stockholders' Deficit (Restated)
Balances at December 31, 2017	\$ —	\$ 133,742	\$ (189,178)	\$ (5,082)	\$ (113)	\$ (60,631)	\$ 4,570	\$ (56,061)
Adoption of ASU 2016-16	—	—	294	—	—	294	—	294
Net (loss) income	—	—	(41,767)	—	—	(41,767)	904	(40,863)
Other comprehensive income	—	—	—	2,005	—	2,005	—	2,005
Equity-based compensation cost	—	9,114	—	—	—	9,114	—	9,114
Purchase of treasury stock	—	—	—	—	(1,753)	(1,753)	—	(1,753)
Common stock issued in debt exchange	—	472	—	—	—	472	—	472
Discount on Series A preferred stock issued in debt exchange	—	61,971	—	—	—	61,971	—	61,971
Accretion of discount on Series A preferred stock	—	(61,971)	—	—	—	(61,971)	—	(61,971)
Accretion of Series A preferred stock to redemption value	—	21,376	—	—	—	21,376	—	21,376
Dividend on Series A preferred stock	—	(1,614)	—	—	—	(1,614)	—	(1,614)
Conversion of Series A preferred stock	—	(15,427)	—	—	—	(15,427)	—	(15,427)
Common stock and Series E warrants issued in conversion of Series A preferred stock	—	54,045	—	—	—	54,045	—	54,045
Series B preferred stock issued in debt exchange	—	10,791	—	—	—	10,791	—	10,791
Discount on Series B preferred stock issued in debt exchange	—	(10,791)	—	—	—	(10,791)	—	(10,791)
Accretion of discount on Series B preferred stock	—	10,791	—	—	—	10,791	—	10,791
Conversion of Series B preferred stock	—	(22,981)	—	—	—	(22,981)	—	(22,981)
Common stock and Series D warrants issued in conversion of Series B preferred stock	—	22,981	—	—	—	22,981	—	22,981
Series C warrants issued in debt exchange	—	4,810	—	—	—	4,810	—	4,810
Stock issuance costs	—	(1,026)	—	—	—	(1,026)	—	(1,026)
Conversion option related to 6% convertible notes due 2023, net of allocated costs	—	15,361	—	—	—	15,361	—	15,361
Distribution to noncontrolling interest	—	—	—	—	—	—	(500)	(500)
Balances at September 30, 2018	<u>\$ —</u>	<u>\$ 231,644</u>	<u>\$ (230,651)</u>	<u>\$ (3,077)</u>	<u>\$ (1,866)</u>	<u>\$ (3,950)</u>	<u>\$ 4,974</u>	<u>\$ 1,024</u>

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

**SAExploration Holdings, Inc.**  
**Condensed Consolidated Statements of Cash Flows**  
*(In thousands)*  
*(Unaudited)*

	<b>Nine Months Ended September 30,</b>	
	<b>2019</b>	<b>2018</b> <b>(Restated)</b>
<b>Cash flows from operating activities:</b>		
Net loss	\$ (14,531)	\$ (40,863)
<b>Adjustments to reconcile net loss to net cash used in operating activities:</b>		
Depreciation and amortization	9,886	7,960
Tax credits used to offset production taxes	1,094	—
Reserve for potential tax credits monetization	—	1,700
Reserve for doubtful accounts	1,619	135
Equity-based compensation cost	2,344	9,114
Gain on disposal of property and equipment	(648)	(335)
Amortization of loan issuance costs and debt discounts	2,835	4,115
Gain on debt extinguishment	—	(53)
Unrealized loss on foreign currency transactions	610	2,420
Deferred taxes	2,023	148
Changes in operating assets and liabilities	(6,607)	(6,920)
<b>Net cash used in operating activities</b>	<b>(1,375)</b>	<b>(22,579)</b>
<b>Cash flows from investing activities:</b>		
Asset purchase	—	(21,749)
Purchase of property and equipment	(1,158)	(1,044)
Proceeds from sale of property and equipment	696	677
<b>Net cash used in investing activities</b>	<b>(462)</b>	<b>(22,116)</b>
<b>Cash flows from financing activities:</b>		
Long-term debt and finance lease repayments	(7,604)	(56,271)
Long-term debt borrowings	17,666	123,411
Debt issuance costs	—	(1,602)
Proceeds from issuance of common stock	100	—
Stock issuance costs	—	(1,712)
Purchase of treasury stock	(366)	(1,753)
Distribution to noncontrolling interest	(2,250)	(500)
<b>Net cash provided by financing activities</b>	<b>7,546</b>	<b>61,573</b>
Effect of exchange rate changes on cash, cash equivalents and restricted cash	76	(219)
<b>Net change in cash, cash equivalents and restricted cash</b>	<b>5,785</b>	<b>16,659</b>
Cash, cash equivalents and restricted cash at the beginning of year	7,850	3,734
<b>Cash, cash equivalents and restricted cash at the end of period</b>	<b>\$ 13,635</b>	<b>\$ 20,393</b>

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

**NOTE 1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Description of the Business**

We are a full-service provider of seismic data acquisition, logistical support and processing services in North America, South America, Asia Pacific, West Africa and the Middle East to customers in the oil and natural gas industry.

Our chief operating decision maker regularly reviews financial data by country to assess performance and allocate resources, resulting in the conclusion that each country in which we operate represents a reporting unit. As these reporting units are similar in terms of economic characteristics, nature of products, processes and type of customers, we have concluded that our seismic data contract services operations comprise one single reportable segment.

**Basis of Presentation**

Our unaudited condensed consolidated financial statements included herein include our accounts and those of our subsidiaries that are wholly-owned, controlled by us or a VIE where we are the primary beneficiary, and have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC"). Accordingly, certain information and disclosures normally included in annual financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted. We believe that the presentations and disclosures herein are adequate to make the information not misleading. The unaudited condensed consolidated financial statements reflect all adjustments (consisting of normal recurring adjustments) for a fair presentation of the interim periods. The results of operations for the interim period are not necessarily indicative of the results of operations to be expected for the full year. These unaudited condensed consolidated financial statements should be read in conjunction with our audited consolidated financial statements and the notes thereto included in Item 8 of our Annual Report on Form 10-K/A for the year ended December 31, 2018.

All intercompany accounts and transactions have been eliminated in consolidation. In the Notes to Unaudited Condensed Consolidated Financial Statements, all dollar and share amounts in tabulations are in thousands of dollars and shares, respectively, unless otherwise indicated.

**Recently Adopted Accounting Pronouncements**

On January 1, 2019, we adopted Accounting Standards Update ("ASU") No. 2016-02, *Leases*, as amended by ASU 2018-10, *Codification Improvements to Topic 842*, ASU 2018-11, *Targeted Improvements*, and 2019-01, *Codification Improvements*. These ASUs required the recognition of lease assets and lease liabilities for virtually all leases and required disclosure of key information about leasing arrangements. We elected to adopt these new standards using the modified retrospective method of transition for all leases existing at or commencing after the date of initial application.

The new standards provide for certain practical expedients when adopting the new guidance. We have elected the practical expedient package outlined in ASU No. 2016-02 under which we can carryforward our previous classification of a lease as either an operating or capital lease, and we do not have to reassess previously recorded initial direct costs. Additionally, we made policy elections allowing us to exclude leases with original terms of 12 months or less from lease assets and liabilities and to not separate nonlease components from the associated lease component and instead account for both as a single lease component for all asset classes. We did not elect the practical expedient allowing us to use hindsight to determine the lease term and to assess any impairment of lease assets during the lookback period.

The adoption of the new standards had a material impact on our unaudited condensed consolidated balance sheet, with the most significant being the recognition of operating lease right-of-use ("ROU") assets and operating lease liabilities of \$9.9 million and \$9.9 million, respectively. ROU assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. The standard did not materially impact our unaudited condensed consolidated statement of operations and unaudited condensed consolidated statement of cash flows.

**New Accounting Standards to be Adopted**

No new accounting pronouncements issued or effective during the nine months ended September 30, 2019 have had or are expected to have a material impact on our unaudited condensed consolidated financial statements.

**NOTE 2. RESTATEMENT OF PREVIOUSLY REPORTED UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**Background of the Restatement**

As previously disclosed, the SEC has been conducting an investigation of certain matters, including with respect to revenue recognition, accounts receivable and tax credits. The Department of Justice (the “DOJ”) is conducting a parallel investigation with the SEC. We have been cooperating and will continue to cooperate with the SEC and the DOJ in their investigations.

On August 5, 2019, our Board of Directors (the “Board”) established a special committee of independent directors (the “Special Committee”) to oversee an internal investigation with respect to the SEC investigation and any related matters. In turn, the Special Committee engaged its own legal and forensic accounting advisors, in addition to certain consulting services providers. Also in August 2019, the Audit Committee undertook an assessment of the accuracy of our historical financial statements and related disclosures that were contained in previously filed periodic reports.

On August 14, 2019, the Audit Committee and the Board concluded that our previously issued consolidated financial statements and financial information relating to each of the fiscal years ended December 31, 2015, 2016, 2017 and 2018 and our condensed consolidated financial statements for the quarters and year-to-date periods ended June 30, 2015 through March 31, 2019 (collectively, the “Non-Reliance Periods”) contained errors, should no longer be relied upon and should be restated, and that other financial information, any earnings releases, investor presentations or other communications related thereto covering the Non-Reliance Periods should also no longer be relied upon. The Audit Committee’s and the Board’s decision to restate our consolidated financial statements for the Non-Reliance Periods arose from our re-evaluation of our relationship with Alaskan Seismic Ventures, LLC (“ASV”), which had not been consolidated into our financial statements. In August 2019, we determined that ASV is a variable interest entity (“VIE”), that we had a controlling financial interest in ASV, and that we are the primary beneficiary of ASV, which, among other factors, required us to consolidate ASV during the Non-Reliance Periods in accordance with GAAP.

The Special Committee’s investigation identified that Global Equipment Solutions LLC (“Global Equipment”), one of our vendors in 2015 and 2016, was formed by Brent Whiteley, our former Chief Financial Officer and General Counsel, and controlled by Mr. Whiteley and/or Jeff Hastings, our former Chief Executive Officer. In 2015 and 2016, we paid an aggregate of approximately \$12.0 million to Global Equipment pursuant to the following agreements. In August 2011, we entered into an agreement (the “Transfer Agreement”) with NES, LLC (“NES”), pursuant to which NES retained a transfer fee (the “Transfer Fee”) in connection with the transfer of a customer contract from NES to us. NES is a legal entity that was previously owned and/or controlled by Mr. Hastings that we subsequently acquired in October 2011. The Transfer Fee was assigned to a separate legal entity controlled by Mr. Hastings prior to our acquisition of NES in October 2011 and was subsequently assigned to Global Equipment. The authenticity of the Transfer Agreement and the subsequent assignments of the Transfer Fee have not been confirmed. Furthermore, the foregoing arrangements and the obligation to pay the Transfer Fee to NES, Global Equipment and/or Mr. Hastings was not disclosed. The payments made to Global Equipment in satisfaction of the purported Transfer Fee were previously recorded as rental expense in 2015 and 2016. These amounts have now been reclassified in our consolidated statement of operations as loss from misappropriation of funds in 2015 and 2016.

Of the approximately \$12.0 million paid to Global Equipment, approximately \$5.9 million was transferred through entities formed and/or controlled by Mr. Hastings and Mr. Whiteley to ASV as capital contributions in December 2015. This investment in ASV was not disclosed. ASV was formed as a seismic data library company in 2015, and the Company previously reported revenue from ASV of approximately \$57.3 million in 2016 and approximately \$83.8 million in 2015. The remaining approximately \$6.1 million paid to Global Equipment was transferred to Mr. Hastings and Mr. Whiteley and/or to entities formed and/or controlled by them. These payments were not disclosed.

The Special Committee’s investigation also identified the misappropriation of approximately \$4.1 million by Mr. Whiteley from 2012 to 2019, which amount has been reclassified in our consolidated statement of operations as a loss from a misappropriation of funds for such periods. A portion of these funds were paid to RVI Consulting, Inc. (“RVI”), a legal entity owned and/or controlled by Mr. Whiteley. The payments made to RVI were not disclosed. The majority of the payments to RVI were previously recorded as legal and professional expenses in the prior periods.

## **Effects of the Restatement**

As a result of the determination that ASV is a VIE, in which we have a controlling financial interest and are the primary beneficiary, we are consolidating ASV for all periods beginning in 2015. The consolidation of ASV as of December 31, 2018 resulted in a reduction of stockholders' equity of approximately \$34.0 million due to the consolidation and elimination of inter-company transactions. The assets of ASV consist of a seismic data library in Alaska for which we provided the seismic data acquisition services, tax credits received from the State of Alaska under the rebatable oil and gas production tax credit regime and cash on hand. The tax credits were recorded as a reduction in the value of the seismic data library as a reimbursement of the costs incurred to acquire the data library. ASV has no significant liabilities other than its payable to us for the seismic data acquisition services and has approximately \$5.9 million in capital contributions as described above. As of September 30, 2019, considering the approximately \$34.0 million reduction in stockholders equity discussed above, the consolidation of ASV resulted in a decrease in stockholders' equity of approximately \$1.1 million.

We have reclassified certain items in our consolidated statement of operations as loss from a misappropriation of funds disclosed above, of which approximately \$55 thousand, \$328 thousand, \$265 thousand and \$626 thousand, respectively, are related to the misappropriation of funds by Mr. Whiteley in the three and nine months ended September 30, 2019 and 2018, respectively.

In addition, we are restating our consolidated financial statements to correct for unrelated material accounting errors in prior periods, including the following:

### *Three Months Ended September 30, 2018*

- We identified an error related to the recording of deferred taxes in our Colombia and Bolivia subsidiaries. Based upon our internal review of the decision to record a 100% valuation allowance in 2018 related to these subsidiaries, we determined that the factors leading to the full valuation allowance of the deferred tax assets were present in previous periods and were not appropriately considered. As of result of this error, we have decreased income tax expense by approximately \$1.4 million in the three months ended September 30, 2018.
- We failed to record royalty income related to our acquisition of certain assets of Geokinetics, Inc. We acquired a royalty agreement relating to a multient seismic data library, which was sold by Geokinetics to a third party prior to our acquisition of the Geokinetics assets. The royalty agreement provided for a royalty of 20% of future sales of the multient seismic data library for a three-year period, not to exceed \$5.0 million in royalty income. To correct this error, we have recorded royalty income related to this agreement of approximately \$1.3 million in the quarter ended September 30, 2018. The royalty income is included in accounts receivable and other income in the accompanying financial statements, which resulted in an increase to our current assets and a decrease to our net loss.

### *Nine Months Ended September 30, 2018*

- In the nine months ended September 30, 2018, we recorded an allowance for doubtful accounts of approximately \$19.0 million against our accounts receivable related to ASV. The receivable was eliminated upon consolidation of ASV and the allowance for doubtful accounts was reversed.
- We also corrected a prior error related to Delaware Franchise Taxes as part of the restatement. In the first quarter of 2018, we settled a multiyear audit with the State of Delaware. As part of the restatement, we have properly recorded the franchise expense in the proper periods resulting in a decrease to selling, general and administrative expense by \$547 thousand.
- We failed to record royalty income related to our acquisition of certain assets of Geokinetics, Inc. We acquired a royalty agreement relating to a multient seismic data library, which was sold by Geokinetics. to a third party prior to our acquisition of the Geokinetics assets. The royalty agreement provided for a royalty of 20% of future sales of the multient seismic data library for a three-year period, not to exceed \$5.0 million in royalty income. To correct this error, we have recorded royalty income related to this agreement of approximately \$1.4 million in the nine months ended September 30, 2018. The royalty income is included in accounts receivable and other income in the accompanying financial statements, which resulted in an increase to our current assets and a decrease to our net loss.

**SAExploration Holdings, Inc.**  
**Notes to Unaudited Condensed Consolidated Financial Statements (continued)**

Along with restating our unaudited condensed consolidated financial statements to correct the errors discussed above, we corrected our weighted average shares outstanding (basic and diluted) to include penny warrants in the computation of loss per common share and we recorded adjustments for certain immaterial accounting errors and reclassifications related to the periods covered in this Form 10-Q.

In connection with the restatement of our condensed consolidated financial statements in this Form 10-Q, management determined that material weaknesses exist in our internal control over financial reporting and that our disclosure controls and procedures were ineffective during the Non-Reliance Periods and as of September 30, 2019. For a description of the material weaknesses identified by management and management's implemented and planned remediations for those material weaknesses, please see "Item 4. Controls and Procedures" of this Form 10-Q.

The tables below summarize the effects of the restatement on our (i) unaudited condensed consolidated balance sheet at December 31, 2018; (ii) unaudited condensed consolidated statements of operations for the three months and nine months ended September 30, 2018; and (iii) unaudited condensed consolidated statement of cash flows for the nine months ended September 30, 2018. A summary of the effect of the restatement on the unaudited condensed consolidated statements of changes to stockholders' deficit for the nine months ended September 30, 2018 and the unaudited condensed consolidated statement of comprehensive income (loss) for the three months and nine months ended September 30, 2018 are not presented because the impact to accumulated deficit and comprehensive income (loss) are reflected below in the unaudited condensed consolidated balance sheet summaries and unaudited condensed consolidated statements of operations summaries.

**Summary of Restatement – Unaudited Condensed Consolidated Balance Sheet**

The effects of the restatement on our unaudited condensed consolidated balance sheet are as follows:

	December 31, 2018		
	Previously Reported	Adjustments	Restated
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 7,192	\$ 387	\$ 7,579
Restricted cash	271	—	271
Accounts receivable, net	24,859	1,604	26,463
Deferred costs on contracts	3,717	29	3,746
Prepaid expenses and other current assets	2,813	30	2,843
Total current assets	<u>38,852</u>	<u>2,050</u>	<u>40,902</u>
Property and equipment, net	35,334	—	35,334
Multiclient seismic data library, net	—	4,733	4,733
Goodwill	1,687	—	1,687
Intangible assets, net	4,066	—	4,066
Long-term accounts receivable, net	52,804	(52,804)	—
Tax credits receivable, net	—	13,198	13,198
Deferred income taxes	2,015	145	2,160
Other assets	2,715	(2,448)	267
Total assets	<u>\$ 137,473</u>	<u>\$ (35,126)</u>	<u>\$ 102,347</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)</b>			
Current liabilities:			
Accounts payable	\$ 10,103	\$ —	\$ 10,103
Accrued liabilities	10,498	—	10,498
Income and other taxes payable	3,331	—	3,331
Current portion of long-term debt and finance leases	7,837	—	7,837
Deferred revenue	4,298	59	4,357
Total current liabilities	<u>36,067</u>	<u>59</u>	<u>36,126</u>
Long-term debt and finance leases	85,653	(2,448)	83,205
Other long-term liabilities	380	—	380
Commitments and contingencies			
Stockholders' equity (deficit):			
Common stock	—	—	—
Additional paid-in capital	232,661	—	232,661
Accumulated deficit	(216,612)	(32,737)	(249,349)
Accumulated other comprehensive loss	(3,035)	—	(3,035)
Treasury stock, at cost	(1,866)	—	(1,866)
SAExploration stockholders' equity (deficit)	11,148	(32,737)	(21,589)
Noncontrolling interest	4,225	—	4,225
Total stockholders' equity (deficit)	<u>15,373</u>	<u>(32,737)</u>	<u>(17,364)</u>
Total liabilities and stockholders' equity (deficit)	<u>\$ 137,473</u>	<u>\$ (35,126)</u>	<u>\$ 102,347</u>

**Summary of Restatement – Unaudited Condensed Consolidated Statements of Operations**

The effects of the restatement on our unaudited condensed consolidated statements of operations are as follows:

	<b>Three Months Ended September 30, 2018</b>		
	<b>Previously Reported</b>	<b>Adjustments</b>	<b>Restated</b>
Revenue from services	\$ 15,003	\$ —	\$ 15,003
Cost of services	16,085	108	16,193
Depreciation and amortization	2,951	—	2,951
Gross loss	(4,033)	(108)	(4,141)
Operating expenses:			
Selling, general and administrative expenses	14,858	(282)	14,576
Misappropriation of funds	—	265	265
Total operating expenses	14,858	(17)	14,841
Operating loss	(18,891)	(91)	(18,982)
Other (expense) income, net:			
Interest expense, net	(4,738)	—	(4,738)
Foreign exchange loss, net	(331)	—	(331)
Other income, net	27	1,345	1,372
Total other expense, net	(5,042)	1,345	(3,697)
Loss before income taxes	(23,933)	1,254	(22,679)
Income taxes	1,364	(1,412)	(48)
Net loss	(25,297)	2,666	(22,631)
Less: net income attributable to noncontrolling interest	10	—	10
Net loss attributable to SAExploration	<u>\$ (25,307)</u>	<u>\$ 2,666</u>	<u>\$ (22,641)</u>
Loss per common share (basic and diluted)	<u>\$ (27.80)</u>	<u>\$ 19.39</u>	<u>\$ (8.41)</u>
Weighted average common shares outstanding (basic and diluted)	<u>1,120</u>	<u>2,264</u>	<u>3,384</u>

**SAExploration Holdings, Inc.**  
**Notes to Unaudited Condensed Consolidated Financial Statements (continued)**

	<b>Nine Months Ended September 30, 2018</b>		
	<b>Previously Reported</b>	<b>Adjustments</b>	<b>Restated</b>
Revenue from services	\$ 69,009	\$ —	\$ 69,009
Cost of services	61,800	108	61,908
Depreciation and amortization	7,667	—	7,667
Gross loss	(458)	(108)	(566)
Operating expenses:			
Selling, general and administrative expenses	46,998	(18,370)	28,628
Misappropriation of funds	—	626	626
Total operating expenses	46,998	(17,744)	29,254
Operating loss	(47,456)	17,636	(29,820)
Other (expense) income, net:			
Interest expense, net	(10,225)	—	(10,225)
Foreign exchange loss, net	(2,510)	—	(2,510)
Other income, net	181	1,428	1,609
Total other expense, net	(12,554)	1,428	(11,126)
Loss before income taxes	(60,010)	19,064	(40,946)
Income taxes	107	(190)	(83)
Net loss	(60,117)	19,254	(40,863)
Less: net income attributable to noncontrolling interest	904	—	904
Net loss attributable to SAExploration	\$ (61,021)	\$ 19,254	\$ (41,767)
Loss per common share (basic and diluted)	\$ (141.82)	\$ 96.48	\$ (45.34)
Weighted average common shares outstanding (basic and diluted)	804	1,286	2,090

**Summary of Restatement – Unaudited Condensed Consolidated Statement of Cash Flows**

The effects of the restatement on our unaudited condensed consolidated statement of cash flows are as follows:

	<b>Nine Months Ended September 30, 2018</b>		
	<b>Previously Reported</b>	<b>Adjustments</b>	<b>Restated</b>
<b>Cash flows from operating activities:</b>			
Net loss	\$ (60,117)	\$ 19,254	\$ (40,863)
<b>Adjustments to reconcile net loss to net cash used in operating activities:</b>			
Depreciation and amortization	7,960	—	7,960
Reserve for potential tax credits monetization	—	1,700	1,700
Reserve for doubtful accounts	19,120	(18,985)	135
Equity-based compensation cost	9,114	—	9,114
Gain on disposal of property and equipment	(315)	(20)	(335)
Amortization of loan issuance costs and debt discounts	4,115	—	4,115
Gain on debt extinguishment	(53)	—	(53)
Unrealized (gain) loss on foreign currency transactions	2,420	—	2,420
Deferred taxes	—	148	148
Changes in operating assets and liabilities	(4,308)	(2,612)	(6,920)
Net cash used in operating activities	<u>(22,064)</u>	<u>(515)</u>	<u>(22,579)</u>
<b>Cash flows from investing activities:</b>			
Asset purchase	(21,749)	—	(21,749)
Purchase of property and equipment	(1,044)	—	(1,044)
Proceeds from sale of property and equipment	657	20	677
Net cash used in investing activities	<u>(22,136)</u>	<u>20</u>	<u>(22,116)</u>
<b>Cash flows from financing activities:</b>			
Long-term debt and finance lease repayments	(56,271)	—	(56,271)
Long-term debt borrowings	123,411	—	123,411
Debt issuance costs	(1,602)	—	(1,602)
Stock issuance costs	(2,179)	467	(1,712)
Purchase of treasury stock	(1,753)	—	(1,753)
Distribution to noncontrolling interest	(500)	—	(500)
Net cash provided by financing activities	<u>61,106</u>	<u>467</u>	<u>61,573</u>
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(219)	—	(219)
Net change in cash, cash equivalents and restricted cash	16,687	(28)	16,659
Cash, cash equivalents and restricted cash at the beginning of year	3,654	80	3,734
Cash, cash equivalents and restricted cash at the end of period	<u>\$ 20,341</u>	<u>\$ 52</u>	<u>\$ 20,393</u>

**NOTE 3. LONG-TERM DEBT AND FINANCE LEASES**

Long-term debt and finance leases consisted of the following:

	<u>September 30, 2019</u>	<u>December 31, 2018</u> (Restated)
<b>Credit facility:</b>		
Principal outstanding	\$ 30,000	\$ 12,334
Unamortized debt issuance costs	(89)	(125)
Carrying amount	<u>29,911</u>	<u>12,209</u>
<b>Senior loan facility:</b>		
Principal outstanding	29,000	29,000
Unamortized debt issuance costs	(1,538)	(2,448)
Carrying amount	<u>27,462</u>	<u>26,552</u>
<b>6% senior secured convertible notes due 2023:</b>		
Principal outstanding	60,000	60,000
Unamortized debt discount and debt issuance costs	(14,015)	(15,906)
Carrying amount	<u>45,985</u>	<u>44,094</u>
<b>10% senior notes due 2019:</b>		
Principal outstanding	—	6,957
Unamortized debt issuance costs	—	(4)
Carrying amount	<u>—</u>	<u>6,953</u>
Finance leases	<u>582</u>	<u>1,234</u>
<b>Total debt</b>	<b>103,940</b>	<b>91,042</b>
Current portion of long-term debt and finance leases	(582)	(7,837)
<b>Total long-term debt and finance leases</b>	<b><u>\$ 103,358</u></b>	<b><u>\$ 83,205</u></b>

In March 2019, the maturity date of our senior loan facility was extended to January 4, 2021.

In the three months and nine months ended September 30, 2019, we recorded interest expense of \$1.6 million and \$4.6 million, respectively, related to the 6% senior secured convertible notes due 2023 (the “2023 Notes”), of which \$0.9 million and \$2.7 million, respectively, related to contractual interest expense.

In September 2019, we repaid in full our 10% Senior Notes due 2019 (the “Senior Notes”) and borrowed the remaining \$8.0 million of available borrowing capacity under our credit facility.

The credit agreements and indentures for our credit facility, senior loan facility, 2023 Notes and Senior Notes contain certain representations, warranties, covenants and other terms and conditions which are customary for agreements of these types. As previously disclosed, as a result of certain circumstances giving rise to, or occurring as a result of, the restatement, as of September 30, 2019, certain events of default had occurred under these agreements. We repaid in full the Senior Notes at maturity in September 2019. In September 2019, we entered into forbearance agreements with respect to our credit facility, senior loan facility and 2023 Notes, whereby the holders of the indebtedness thereunder agreed to refrain from exercising their rights and remedies with respect to events of default that have occurred and other potential defaults or events of default that may occur as further specified in the forbearance agreements until 5:00 p.m. (New York City time) on the earlier of (i) November 30, 2019 and (ii) the date the forbearance agreements otherwise terminated in accordance with their terms. The November 30, 2019 deadline was ultimately extended to February 7, 2020. On February 7, 2020, we entered into amendments and waivers to our credit facility, senior loan facility and the indenture governing the 2023 Notes to, among other things, waive existing events

of default thereunder and amend certain covenants requiring us to deliver financial statements, reports, projections and other items thereunder.

#### **NOTE 4. COMMITMENTS AND CONTINGENCIES**

On August 18, 2019, a purported stockholder, John Bodin (the “Class Action Plaintiff”), filed a putative class action lawsuit against us and certain former executive officers named therein (the “Class Action Defendants”) in the U.S. District Court for the Southern District of Texas captioned John Bodin v. SAExploration Holdings, Inc., et al. Case No. 4:19-cv-03089. The Class Action Plaintiff seeks to represent a class of stockholders who purchased or otherwise acquired our publicly traded securities from March 15, 2016 through August 15, 2019 (the “Covered Period”). The complaint generally alleges that the Class Action Defendants violated Sections 10(b) and 20(a) of the Exchange Act and SEC Rule 10b-5 by making false and misleading statements in our periodic reports filed with the SEC during the Covered Period. The complaint requests damages, including interest, and an award of reasonable costs and expenses, including counsel and expert fees.

On September 6, 2019, a purported stockholder, M. Shane Hamilton (the “Derivate Plaintiff”), filed a stockholder derivative lawsuit against certain of our former and current executive officers and directors named therein (the “Derivative Defendants”) in the U.S. District Court for the District of Delaware captioned M. Shane Hamilton, derivatively on behalf of SAExploration Holdings, Inc., v. Jeff Hastings, et al. The derivative complaint generally alleges (i) breaches by the Derivative Defendants of their fiduciary duties as our directors and/or officers, (ii) unjust enrichment, (iii) waste of corporate assets, and (iv) violations of Section 14(a) of the Exchange Act. The derivative complaint seeks, among other things, relief (i) directing us and the Derivative Defendants to take actions to reform and improve our corporate governance and internal procedures, (ii) awarding us restitution from the Derivative Defendants, and (iii) awarding the Derivative Plaintiff’s costs and attorneys’ and experts’ fees.

As previously disclosed, the SEC has been conducting an investigation of certain matters, including with respect to revenue recognition, accounts receivable, and tax credits. The DOJ is conducting a parallel investigation with the SEC. We have been cooperating and will continue to cooperate with the SEC and the DOJ in their investigations. The SEC and DOJ investigations are continuing, and we are currently unable to predict the eventual scope, duration or outcome of any potential SEC or DOJ legal action or other action or whether it could have a material impact on our financial condition, results of operations, or cash flow.

The DOR is conducting an investigation with respect to our determination that ASV is a variable interest entity and related Alaska tax credit certificates. We have been cooperating, and will continue to cooperate, with the DOR in its investigation. The DOR investigation is continuing, and we are unable to predict the eventual scope, duration or outcome of any potential DOR legal action or other action or whether it could have a material impact on our financial condition, results of operations, or cash flow.

In the ordinary course of business, we may be subject to legal proceedings involving contractual and employment relationships, liability claims and a variety of other matters. Although the results of these other legal proceedings cannot be predicted with certainty, we do not believe that the final outcome of these proceedings should have a material adverse effect on our business, results of operations, cash flows or financial condition. However, we cannot predict the occurrence or outcome of these proceedings with certainty, and if we are unsuccessful in these proceedings and any loss exceeds our available insurance, if any, this could have a material adverse effect on our results of operations.

#### **NOTE 5. LEASES**

We have entered into various non-cancellable operating and finance lease agreements for certain of our offices, shop and warehouse facilities, equipment and vehicles. We determine if an arrangement is a lease, or contains a lease, at inception and record the leases in our unaudited condensed consolidated financial statements upon lease commencement, which is the date when the underlying asset is made available for use by the lessor.

Our leases have remaining lease terms ranging from one year to eight years and often include options to extend the lease term for up to three years. Some of our leases also include options to terminate the lease prior to the end of the agreed upon lease term. For the majority of leases entered into during the current period, we have concluded it is not reasonably certain that we would exercise the options to extend the lease. Therefore, as of the lease commencement date, our lease terms generally do

**SAExploration Holdings, Inc.**  
**Notes to Unaudited Condensed Consolidated Financial Statements (continued)**

not include these options. We include options to extend the lease when it is reasonably certain that we will exercise that option.

Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. Certain operating leases provide for annual increases to lease payments based on an index or rate. We estimate the annual increase in lease payments based on the index or rate at the lease commencement date, for both our historical leases and for new leases commencing after January 1, 2019. Differences between the estimated lease payment and actual payment are expensed as incurred. Lease expense for finance lease payments is recognized as amortization expense of the finance lease ROU asset and interest expense on the finance lease liability over the lease term.

The balances for the operating and finance leases where we are the lessee are presented on our unaudited condensed consolidated balance sheet as follows:

	Classification on Unaudited Condensed Consolidated Balance Sheet	September 30, 2019
<b>Assets:</b>		
Operating lease right-of-use assets	Operating lease right-of-use assets	\$ 6,976
Finance lease assets	Property and equipment, net	545
Total lease assets		<u>\$ 7,521</u>
<b>Liabilities:</b>		
Current:		
Operating lease liabilities	Operating lease liabilities	\$ 3,056
Finance lease liabilities	Current portion of long-term debt and finance leases	582
Long-term - Operating lease liabilities	Other long-term liabilities	4,018
Total lease liabilities		<u>\$ 7,656</u>

The components of lease expense on our unaudited condensed consolidated statement of operations are as follows:

	Three Months Ended September 30, 2019	Nine Months Ended September 30, 2019
Operating lease expense:		
Operating lease expense (1)	<u>\$ 1,294</u>	<u>\$ 3,958</u>
Finance lease expense:		
Amortization of leased assets	\$ 221	\$ 664
Interest on lease liabilities	24	93
Total finance lease expense	<u>\$ 245</u>	<u>\$ 757</u>
Total lease expense	<u>\$ 1,539</u>	<u>\$ 4,715</u>

(1) Includes short-term leases and variable lease costs, both of which are immaterial.

As of September 30, 2019, our operating leases and finance leases have weighted average remaining lease terms of 3.8 years and 0.6 years, respectively, and both our operating leases and finance leases have a weighted average discount rate of 13.0%.

**SAExploration Holdings, Inc.**  
**Notes to Unaudited Condensed Consolidated Financial Statements (continued)**

Supplemental cash flows information related to leases where we are the lessee is as follows:

	<b>Three Months Ended September 30, 2019</b>	<b>Nine Months Ended September 30, 2019</b>
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 1,010	\$ 2,583
Operating cash flows from finance leases	24	93
Financing cash flows from finance leases	224	652
Operating right-of-use assets obtained in exchange for new operating lease liabilities	\$ —	\$ 162

As of September 30, 2019, the maturities of the liabilities related to our operating leases and finance leases are as follows:

	<b>Operating Leases</b>	<b>Finance Leases</b>
Six months ended December 31, 2019	\$ 1,168	\$ 248
2020	3,480	361
2021	1,209	—
2022	871	—
2023	701	—
Thereafter	479	—
Total minimum lease payments	7,908	609
Less: interest	834	27
Present value of lease liabilities	7,074	582
Less: current lease liabilities	3,056	582
Long-term lease liabilities	<u>\$ 4,018</u>	<u>\$ —</u>

**NOTE 6. STOCKHOLDERS' EQUITY**

As of September 30, 2019, we are authorized to issue 40.0 million shares of common stock with a par value of \$0.0001 per share.

The following table presents the changes in the number of shares outstanding:

	<b>2019</b>
Shares issued:	
Balance as of January 1	3,211
Issue of shares on exercises of Series C warrants	51
Issue of shares on exercises of Series D warrants	33
Issue of shares on exercises of Series E warrants	662
Issue of shares on vesting of restricted stock units	278
Issue of shares as consideration for services	243
Issue of shares in private placement	30
Balance as of September 30	<u>4,508</u>
Shares held as treasury stock:	
Balance as of January 1	111
Purchase of treasury stock	97
Balance as of September 30	<u>208</u>
Shares outstanding as of September 30	<u>4,300</u>

**SAExploration Holdings, Inc.**  
**Notes to Unaudited Condensed Consolidated Financial Statements (continued)**

In the nine months ended September 30, 2019, 1.0 million, 0.7 million and 13.2 million of our Series C warrants, Series D warrants and Series E warrants, respectively, were exercised. As of September 30, 2019, 6.9 million, 11.1 million and 54.6 million of our Series C warrants, Series D warrants and Series E warrants, respectively, are outstanding.

In February 2019, we issued 0.2 million shares of common stock as partial consideration for services provided to us related to our acquisition of certain assets from Geokinetics, Inc. (“GEOK”). The shares were valued at \$0.5 million. These shares were sold and issued without registration under the Securities Act in reliance on the exemptions provided by Section 4(a)(2) of the Securities Act and Rule 506 of Regulation D of the Securities Act.

In March 2019, we issued 0.03 million shares of common stock in a private placement. The shares were valued at \$0.1 million based on the closing price of our common stock on the date of issuance. These shares were sold and issued without registration under the Securities Act in reliance on the exemptions provided by Section 4(a)(2) of the Securities Act and Rule 506 of Regulation D of the Securities Act.

**NOTE 7. REVENUE FROM SERVICES**

**Deferred Costs on Contracts**

In some instances, we incur third party costs that directly relate to the contract to fulfill the contract obligations. These fulfillment costs are capitalized and amortized consistent with how the related revenue is recognized. Changes in our deferred costs on contracts are as follows for the nine months ended September 30:

	<u>2019</u>	<u>2018</u> <b>(Restated)</b>
Balance at beginning of year	\$ 3,746	\$ 1,780
Fulfillment costs incurred	10,561	5,487
Amortization of fulfillment costs	(8,947)	(6,819)
Balance at end of period	<u>\$ 5,360</u>	<u>\$ 448</u>

**Deferred Revenue**

Typically, our mobilization services are paid by the customer at the beginning of the contract while the revenue is recognized as control transfers to the customer, which can result in deferred revenue. Normally all other revenue is billed as work progresses, which generally will not result in significant deferred revenue except in those cases where a large mobilization is required for the contract. Changes in our deferred revenue are as follows for the nine months ended September 30:

	<u>2019</u>	<u>2018</u> <b>(Restated)</b>
Balance at beginning of year	\$ 4,357	\$ 1,477
Cash received, excluding amounts recognized as revenue from services	13,674	3,566
Amounts recognized as revenue from services	(12,599)	(3,000)
Balance at end of period	<u>\$ 5,432</u>	<u>\$ 2,043</u>

**Disaggregated Revenue**

The following table disaggregates our revenue by major source:

	<b>Three Months</b>		<b>Nine Months</b>	
	<b>Ended September 30,</b>		<b>Ended September 30,</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>(Restated)</b>		<b>(Restated)</b>	
North America	\$ 20,481	\$ 12,857	\$ 109,910	\$ 45,296
South America	2,160	1,224	2,911	22,791
Asia Pacific (1)	633	922	93,045	922
Total	<u>\$ 23,274</u>	<u>\$ 15,003</u>	<u>\$ 205,866</u>	<u>\$ 69,009</u>

(1) Includes \$0.3 million and \$90.8 million related to our marine operations in the three months and nine months ended September 30, 2019, respectively.

**Remaining Performance Obligations**

As of September 30, 2019, we had \$123.8 million of remaining performance obligations. We expect to recognize revenue of approximately 59% of these performance obligations in 2019 and the remaining approximately 41% in 2020.

**NOTE 8. EQUITY-BASED COMPENSATION**

We grant various forms of equity-based compensation to our senior management and directors. These equity-based awards currently consist of restricted stock units ("RSUs").

In March 2019, we issued 0.5 million RSUs to our senior management, which vested 50% on April 12, 2019 and the remaining 50% will vest on January 29, 2021, and an additional 0.2 million RSUs, all of which vest on September 29, 2020. The fair value of the RSUs on the date of grant was \$2.5 million.

We recognized equity-based compensation costs of \$(0.1) million and \$6.5 million in the three months ended September 30, 2019 and 2018 and \$2.3 million and \$9.1 million in the nine months ended September 30, 2019 and 2018, respectively. Included in these costs for the three months and nine months ended September 30, 2019 is \$(0.8) million related to the forfeiture of equity-based compensation. These costs are included in "Selling, general and administrative expenses" on our unaudited condensed consolidated statements of operations.

As of September 30, 2019, we had \$3.4 million of unrecognized equity-based compensation cost, which is expected to be recognized over a weighted average period of 1.3 years.

**NOTE 9. INCOME TAXES**

We record income taxes for interim periods based on an estimated annual effective tax rate. The estimated annual effective tax rate is recomputed on a quarterly basis and may fluctuate due to changes in forecasted annual operating income, positive or negative changes to the valuation allowance for net deferred tax assets, and changes to actual or forecasted permanent book to tax differences.

Our effective tax rates were 4.9% and 0.2% for the three months ended September 30, 2019 and 2018, respectively, and (65.3)% and 0.2% for the nine months ended September 30, 2019 and 2018, respectively. The changes in our effective tax rates and the primary reason why these effective tax rates differ from the applicable federal statutory rates are the fluctuations in earnings among the various jurisdictions in which we operate, increases in valuation allowances and foreign tax rate differentials.

**NOTE 10. LOSS PER COMMON SHARE**

The computation of basic and diluted loss per common share is as follows:

	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2019</b>	<b>2018 (Restated)</b>	<b>2019</b>	<b>2018 (Restated)</b>
<b>Loss per common share (basic and diluted):</b>				
Net loss attributable to SAExploration	\$ (12,985)	\$ (22,641)	\$ (17,104)	\$ (41,767)
Amortization of discounts on Series A and Series B preferred stock	—	(5,336)	—	(72,762)
Accretion of Series A preferred stock to redemption value	—	—	—	21,376
Dividends on Series A preferred stock	—	(495)	—	(1,614)
Net loss available to common stockholders	<u>\$ (12,985)</u>	<u>\$ (28,472)</u>	<u>\$ (17,104)</u>	<u>\$ (94,767)</u>
<b>Weighted average common shares outstanding (basic and diluted)</b>				
	<u>7,930</u>	<u>3,384</u>	<u>7,818</u>	<u>2,090</u>
<b>Loss per common share (basic and diluted)</b>	<u>\$ (1.64)</u>	<u>\$ (8.41)</u>	<u>\$ (2.19)</u>	<u>\$ (45.34)</u>
<b>Anti-dilutive securities excluded from diluted loss per common share (1)</b>				
	<u>11,026</u>	<u>10,709</u>	<u>11,026</u>	<u>10,709</u>

(1) Includes warrants and unvested equity-based compensation.

**NOTE 11. FAIR VALUE OF FINANCIAL INSTRUMENTS**

The fair value hierarchy has three levels based on the reliability of the inputs used to determine fair value. Level 1 refers to fair values determined based on quoted prices in active markets for identical assets or liabilities. Level 2 refers to fair values determined based on quoted prices for similar assets or liabilities in active markets or inputs that are observable to the asset or liability, either directly or indirectly through market corroboration. Level 3 refers to fair values determined based on unobservable inputs used in the measurement of assets and liabilities at fair value.

The estimated fair values of our financial instruments have been determined at discrete points in time based on relevant market information. Our financial instruments consist of cash and cash equivalents, restricted cash, accounts receivable, accounts payable, accrued liabilities and long-term debt. The carrying amounts of our financial instruments, other than our 2023 Notes and Senior Notes, approximate fair value because of the short-term nature of the items.

As of September 30, 2019, the estimated fair value and carrying value of our 2023 Notes was \$47.2 million and \$46.0 million, respectively. As of December 31, 2018, the estimated aggregate fair values and aggregate carrying values of our 2023 Notes and Senior Notes was \$50.7 million \$51.0 million, respectively.

As our 2023 Notes are not actively traded, the fair value determination of the 2023 Notes is categorized as Level 3 as the valuation was based on valuation techniques when observable market data is not available. The fair value determination of our Senior Notes was categorized as Level 2 as this valuation used dealer quoted prices in active markets obtained from independent third-party sources.

**NOTE 12. OTHER SUPPLEMENTAL INFORMATION**

**Cash, Cash Equivalents and Restricted Cash**

Cash, cash equivalents and restricted cash are recorded in our unaudited condensed consolidated balance sheet as follows:

	<u>September 30, 2019</u>	<u>December 31, 2018</u> (Restated)
Cash and cash equivalents	\$ 13,378	\$ 7,579
Restricted cash	257	271
Total cash, cash equivalents and restricted cash	<u>\$ 13,635</u>	<u>\$ 7,850</u>

Our restricted cash served as collateral for labor claims, office rental and cash in another country restricted by exchange control regulations.

**Accounts Receivable, net**

Total accounts receivable, net is comprised of the following:

	<u>September 30, 2019</u>	<u>December 31, 2018</u> (Restated)
Trade receivables	\$ 25,116	\$ 23,330
Other receivables	3,958	3,681
Total accounts receivable	29,074	27,011
Less: allowance for doubtful accounts	(1,934)	(548)
Total accounts receivable, net	<u>\$ 27,140</u>	<u>\$ 26,463</u>

**Accrued Liabilities**

Accrued liabilities are comprised of the following:

	<u>September 30, 2019</u>	<u>December 31, 2018</u> (Restated)
Accrued payroll liabilities	\$ 2,751	\$ 3,622
Accrued interest	163	306
Other accrued liabilities	4,810	6,570
Total accrued liabilities	<u>\$ 7,724</u>	<u>\$ 10,498</u>

Other accrued liabilities primarily consist of accruals for project related expenses.

**Supplemental Cash Flows Information**

Supplemental cash flows information is as follows:

	<u>Nine Months Ended September 30,</u>	
	<u>2019</u>	<u>2018</u>
Cash paid for interest	\$ 8,115	\$ 6,961
Cash paid for income taxes	266	2,124

**Noncash Transactions**

Supplemental noncash transactions are as follows:

	As of September 30,	
	2019	2018
Common stock and preferred stock issued to retire long-term debt	\$ —	\$ 73,234
Costs for additions to property and equipment in accounts payable	—	26
Accrual for stock issued for services	478	—

**NOTE 13. RELATED PARTY TRANSACTIONS**

Mr. Hastings, our former Chief Executive Officer, Mr. Whiteley, our former Chief Financial Officer and General Counsel, and our former Vice President Finance were owners in Speculative Seismic Investments, LLC (“SSI”), which was a lender under our senior loan facility in the principal amount of \$0.6 million. In February 2019, SSI assigned its entire principal amount to another unaffiliated lender in a private transaction. As of September 30, 2019, SSI is no longer a lender under our senior loan facility.

As of September 30, 2019, Mr. Hastings is a lender under our credit facility in the principal amount of \$0.5 million and a holder of our 2023 Notes in the principal amount of \$1.0 million.

Mr. Hastings has an ownership interest in Fairweather Science, LLC (“Fairweather Science”), a company that provides specialized environmental support services to clients in Alaska’s natural resource industry. In the three months ended September 30, 2018, we recorded \$17 thousand of expenses related to services provided by Fairweather Science. We did not record any expenses related to services provided by Fairweather Science in the three months ended September 30, 2019. In the nine months ended September 30, 2019 and 2018, we recorded expenses of \$31 thousand and \$17 thousand, respectively, related to services provided by Fairweather Science.

Mr. Hastings also has an ownership interest in Fairweather, LLC (“Fairweather”), a company that provides aviation weather observation services to remote regions in Alaska. In each of the three months and nine months ended September 30, 2019 and 2018, we did not record any expenses related to services provided by Fairweather.

Mr. Whiteley owns RVI. In the three months ended September 30, 2019 and 2018, RVI billed us \$55 thousand and \$0.3 million for legal and professional services. In the nine months ended September 30, 2019 and 2018, RVI billed us \$0.3 million and \$0.6 million, respectively, for legal and professional services. These payments were determined to be a misappropriation of funds, and are included in misappropriation of funds on our unaudited condensed consolidated statements of operations.

A member of our operations management team owns Inupiate Resources LLC which provides us with certain specialty personnel. In the three months ended September 30, 2019 and 2018, we incurred \$3 thousand and \$10 thousand, respectively, in expenses associated with contract labor. In the nine months ended September 30, 2019 and 2018, we incurred \$0.3 million and \$0.1 million, respectively, in expenses associated with contract labor.

Three members of our operations management team own Inupiate Resources Leasing LLC which provides us with certain equipment. In the three months and nine months ended September 30, 2019, we incurred \$18 thousand and \$0.2 million, respectively, in expenses associated with leased equipment. We did not incur any expenses in the three months and nine months ended September 30, 2018.

A member of our operations management team owns Summit Air Resources which provided us with certain salvage services. We did not incur any expenses related to these services in each of the three months ended September 30, 2019 and 2018. In the nine months ended September 30, 2019 and 2018, we incurred \$32 thousand and \$34 thousand, respectively, related to these services.

ASV is a VIE indirectly owned and/or controlled by Mr. Hastings and Mr. Whiteley (see Note 2).

As of January 27, 2020, three of the holders of the indebtedness outstanding under our credit facility, senior loan facility and 2023 Notes represent (together with their affiliates) approximately 90%, 72% and 90%, respectively, of the total principal amounts outstanding under such debt financing arrangements. These holders also collectively own 18% of the shares of our outstanding common stock, 62% of the shares of our outstanding common stock, including shares of common stock issuable upon the exercise of our outstanding Series C, D, E and F common stock warrants (including the Series F warrants to be issued upon receipt of shareholder approval), and 76% of the shares of our outstanding common stock, including shares of common stock issuable upon the exercise of our outstanding Series C, D, E and F common stock warrants (including the Series F warrants to be issued upon receipt of shareholder approval) and upon conversion of our 2023 Notes, respectively.

Moreover, the three lenders are parties to certain registration rights agreements, by and among us and certain of our stockholders.

#### **NOTE 14. SUBSEQUENT EVENTS**

In November 2019, we financed the purchase of property and equipment pursuant to a secured promissory note in the amount of \$10.0 million. The note bears interest at a fixed rate equal to 7.0% per annum and matures on January 1, 2023. We also amended our credit facility, senior loan facility and indenture governing our 2023 Notes to permit the purchase pursuant to the note.

In November 2019, we consummated the sale of substantially all of our assets in Australia for up to \$9.0 million (Australian), payable as follows: (i) \$6.0 million (Australian) paid in cash at closing, (ii) \$0.6 million (Australian) payable no later than 30 business days after closing and (iii) earnout payments based on the utilization of certain of these assets following the closing in an amount up to \$3.0 million (Australian). The earnout payments will be paid over a two-year period and capped at \$1.5 million (Australian) in each such year. Subject to certain conditions, we will receive a minimum earnout payment equal to \$750 thousand (Australian) in each such year. We also amended our credit facility and senior loan facility to permit the sale and to allow us to retain up to \$6.0 million (Australian) of the net proceeds received from the sale, instead of using such net proceeds to repay amounts owed under our credit facility and senior loan facility.

In December 2019, we amended our credit facility to, among other things, (i) request and receive advances in the aggregate principal amount of \$5.0 million (the "First Advance"); (ii) provide for the ability to request and receive additional advances in the aggregate principal amount of \$5.0 million (the "Additional Advances"); and (iii) provide for the issuance of Series F warrants pursuant to a warrant agreement (the "Warrant Agreement") exercisable for shares of our common stock. We then borrowed the entire amount of the First Advance to be used for additional working capital. Under the Warrant Agreement, subject to certain conditions, we will issue up to approximately 2.0 million Series F warrants (the "First Advance Warrants") and may issue additional Series F warrants representing up to 10% of the issued and outstanding shares of our common stock, on a fully diluted basis as of the date of the Additional Advances (or approximately 2.3 million shares of our common stock as of the closing date), upon the issuance of the Additional Advances. Each Series F warrant entitles the holder thereof to purchase one share of our common stock at an initial exercise price of \$0.0001 per share. We have issued approximately 0.9 million First Advance Warrants and, upon approval by our shareholders, will issue the remaining First Advance Warrants. Our credit facility requires us to use our best efforts to obtain shareholder approval for the issuance of the Series F warrants.

In January 2020, we and ASV sold certain seismic data and related assets for a purchase price payable as follows: (i) \$14.5 million paid to us, on behalf of ASV and us, in cash on the closing date, (ii) \$0.5 million paid to us in cash on the closing date, and (iii) earnout payments in an amount of up to \$5.0 million to be paid to us, on behalf of ASV and us, based on the licensing fees related to the licensing of certain seismic data following the closing date in an amount in excess of \$15.0 million of licensing fees. In connection with the sale, we and ASV also entered into an agreement (the "Sellers' Agreement") with respect to certain post-closing indemnification obligations. The Sellers' Agreement also provides that we will receive all the proceeds paid or payable pursuant to the sale pursuant to clauses (i) and (iii) above, which proceeds will be credited by us towards outstanding amounts owed to us by ASV. We also amended our credit facility, senior loan facility and the indenture governing the 2023 Notes to permit the sale and transactions contemplated by the Sellers' Agreement and to provide for the application of \$14.5 million of the net proceeds received from the sale to reduce indebtedness under our credit facility. Following the sale, the balance of our tax credits receivable, net has been reduced to \$2.7 million.

**SAExploration Holdings, Inc.**  
**Notes to Unaudited Condensed Consolidated Financial Statements (continued)**

As previously disclosed, as a result of certain circumstances giving rise to, or occurring as a result of, the restatement, certain events of default had occurred under our credit facility, senior loan facility, 2023 Notes and Senior Notes. We repaid in full the Senior Notes at maturity in September 2019. In September 2019, we entered into forbearance agreements with respect to our credit facility, senior loan facility and 2023 Notes, whereby the holders of the indebtedness thereunder agreed to refrain from exercising their rights and remedies with respect to events of default that have occurred and other potential defaults or events of default that may occur as further specified in the forbearance agreements until 5:00 p.m. (New York City time) on the earlier of (i) November 30, 2019 and (ii) the date the forbearance agreements otherwise terminated in accordance with their terms. The November 30, 2019 deadline was ultimately extended to February 7, 2020. On February 7, 2020, we entered into amendments and waivers to our credit facility, senior loan facility and the indenture governing the 2023 Notes to, among other things, waive existing events of default thereunder and amend certain covenants requiring us to deliver financial statements, reports, projections and other items thereunder.

We evaluated subsequent events for appropriate accounting and disclosure through the date these unaudited condensed consolidated financial statements were issued and determined that there were no material items that required recognition or disclosure in our unaudited condensed consolidated financial statements, except as described above.

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with our unaudited condensed consolidated financial statements and the related notes thereto, as well as our Annual Report on Form 10-K/A for the year ended December 31, 2018.*

### RESTATEMENT OF PREVIOUSLY UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

This "Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations" gives effect to the restatement of our unaudited condensed consolidated financial statements as more fully described in Note 2 in "Item 1. Financial Statements" and "Item 4. Controls and Procedures", both contained herein.

### OVERVIEW

We are an international oilfield services company offering a full range of vertically-integrated seismic data acquisition, data processing and interpretation, and logistical support services throughout North America, South America, Asia Pacific, Africa and the Middle East to the oil and natural gas industry. Our services include the acquisition of 2D, 3D, time-lapse 4D and multi-component seismic data on land, in transition zones between land and water, and offshore in depths reaching 3,000 meters. In addition, we offer a full suite of data processing and interpretation services utilizing our proprietary, patent-protected software, and also provide in-house logistical support services, such as program design, planning and permitting, camp services and infrastructure, surveying, drilling, environmental assessment and reclamation and community relations. We currently provide our services on a proprietary basis only to our customers and the seismic data acquired is owned by our customers, other than the multiclient seismic data library currently maintained by ASV of approximately 440 square kilometers in certain basins in Alaska, which is available for future sales or license.

Our customers include major integrated oil companies, national oil companies and independent oil and natural gas exploration and production companies. Demand for our services depends on the level of spending by these customers for exploration, production, development and field management activities, which is influenced, in a large part, by oil and natural gas prices. Demand for our services is also impacted by long-term supply concerns based on national oil policies and other country-specific economic and geopolitical conditions. Significant fluctuations in oil and natural gas exploration activities and oil and natural gas prices have affected, and will continue to affect, demand for our services and our results of operations.

Project visibility, while remaining constrained due to the uncertain sustainability of the recent rise in oil prices and seismic data acquisition budgets, has improved. Despite the improved environment, market conditions remain challenging and we continue to maintain a conservative approach. We have continued to explore ways to reduce costs and gain operating efficiencies through internal restructuring.

While our revenues are mainly affected by the level of customer demand for our services, our revenues are also affected by the bargaining power of our customers relating to our services, as well as the productivity and utilization levels of our data acquisition crews. Factors impacting productivity and utilization levels include client demand, oil and natural gas prices, whether we enter into turnkey or dayrate contracts with our clients, the number and size of crews, the number of recording channels per crew, crew downtime related to inclement weather, delays in acquiring land access permits, agricultural or hunting activity, holiday schedules, short winter days, crew repositioning and equipment failure. To the extent we experience these factors, our operating results may be affected from quarter to quarter. Consequently, our efforts to negotiate more favorable contract terms in our supplemental service agreements, mitigate permit access delays and improve overall crew productivity may contribute to growth in our revenues.

Most of our client contracts are turnkey contracts. While turnkey contracts allow us to capitalize on improved crew productivity, we also bear more risks related to weather and crew downtime. We expect the percentage of turnkey contracts to remain high as we continue our operations in the regions of the U.S. and internationally in which turnkey contracts are more common.

While the markets for oil and natural gas have been very volatile and are likely to continue to be so in the future, we believe opportunities exist for us to enhance our market position by responding to our clients continuing desire for higher resolution subsurface images. If economic conditions weaken such that our clients reduce their capital expenditures or if there is a significant drop in oil and natural gas prices, it could result in diminished demand for our seismic services, could cause downward pressure on the prices we charge and would affect our results of operations.

## **RESULTS OF OPERATIONS**

### **Three Months Ended September 30, 2019 Compared with the Three Months Ended September 30, 2018**

Net loss for the three months ended September 30, 2019 was \$13.0 million compared with a net loss of \$22.6 million for the three months ended September 30, 2018. The significant factors in this change were an increase of \$7.4 million in gross profit (loss) and a decrease of \$0.8 million in selling, general and administrative (“SG&A”) expenses.

Revenue from services in the three months ended September 30, 2019 increased \$8.3 million compared with the three months ended September 30, 2018. In North America, revenue from services increased \$7.6 million due to an increase in market share in the contiguous United States (the “Lower 48”) due to the purchase of certain assets from Geokinetics, Inc. in 2018.

Revenue from services in South America increased \$0.9 million due to a project in Bolivia offset by a decrease in the amount of work performed in Colombia as a result of a fewer number of active customers. Revenue from services in Asia Pacific decreased \$0.2 million primarily due to finishing a marine job in India offset by a land project in Australia.

Gross profit (loss) for the three months ended September 30, 2019 increased \$7.4 million compared with the three months ended September 30, 2018. Gross profit (loss) as a percentage of revenues was 14.0% for the three months ended September 30, 2019 compared with (27.6)% for the three months ended September 30, 2018. The positive impact on gross profit (loss) can be attributed to more favorable pricing when taking into account the fixed costs involved in our projects.

SG&A expenses for the three months ended September 30, 2019 decreased \$0.8 million compared with the three months ended September 30, 2018 primarily due to a decrease of \$6.6 million of equity-based compensation costs offset by an increase of \$5.2 million of costs related to the SEC investigation and an increase of \$0.7 million in reserve for doubtful accounts.

As disclosed elsewhere in this Form 10-Q, our former Chief Financial Officer and General Counsel misappropriated funds. For more information, see Note 2 contained herein.

Other expense, net for the three months ended September 30, 2019 decreased \$0.5 million compared with the three months ended September 30, 2018 primarily due to a \$1.0 million decrease in interest expense and an increase of \$0.5 million in other income offset by a \$1.0 million increase in foreign currency loss. Of the \$1.0 million decrease in interest expense, \$1.5 million related to decreased interest expense from the extension of our senior loan facility in February 2019 partially offset by \$0.4 million of increased interest expense from the 2023 Notes. The \$1.0 million increase in foreign currency loss relates to increases in foreign currency losses in Brazil, Canada and Colombia.

Income taxes for the three months ended September 30, 2019 decreased \$0.6 million compared with the three months ended September 30, 2018 primarily due to fluctuations in earnings among the various jurisdictions in which we operate, offset by increases in valuation allowances and increases in foreign tax rate differentials.

### **Nine Months Ended September 30, 2019 Compared with the Nine Months Ended September, 2018**

Net loss for the nine months ended September 30, 2019 was \$14.5 million compared with a net loss of \$40.9 million for the nine months ended September 30, 2018. The significant factors in this change were an increase of \$34.9 million in gross profit (loss) and a decrease of \$2.2 million in other expense, net partially offset by increases of \$5.2 million in SG&A expenses and \$5.9 million in income taxes.

Revenue from services in the nine months ended September 30, 2019 increased \$136.9 million compared with the nine months ended September 30, 2018. In North America, revenue from services increased \$64.6 million due to an increase in the number of projects performed in Alaska, as a result of a return to activity on the North Slope, and the increase in market share in the Lower 48 due to the purchase of certain assets from Geokinetics, Inc. in 2018.

Revenue from services in South America decreased \$19.9 million due to a decrease in the amount of work performed in Colombia offset by an increase in the number of active projects in Mexico and Bolivia. Activity in Colombia continued to decrease due to a fewer number of active customers. Revenue from services in Asia Pacific increased \$92.1 million primarily due to projects in India, Australia and Dubai.

Gross profit (loss) for the nine months ended September 30, 2019 increased \$34.9 million compared with the nine months ended September 30, 2018. Gross profit (loss) as a percentage of revenues was 16.7% for the nine months ended September 30, 2019 compared with (0.8)% for the nine months ended September 30, 2018. The positive impact on gross profit can be attributed to more favorable pricing when taking into account the fixed costs involved in our projects.

SG&A expenses for the nine months ended September 30, 2019 increased \$5.2 million compared with the nine months ended September 30, 2018 primarily due to (i) \$6.9 million of costs related to the SEC investigation, (ii) \$1.6 million of reserve for doubtful accounts and (iii) an overall increase in SG&A expenses from increases in revenue from services and activity partially offset by a decrease of \$5.9 million in equity-based compensation costs.

As disclosed elsewhere in this Form 10-Q, our former Chief Financial Officer and General Counsel misappropriated funds. For more information, see Note 2 contained herein.

Other expense, net for the nine months ended September 30, 2019 decreased \$2.2 million compared with the nine months ended September 30, 2018 primarily due to a decrease of \$1.7 million in foreign currency loss and a \$1.2 million increase in other income partially offset by a \$0.6 million increase in interest expense. The \$1.7 million decrease in foreign currency loss relates to decreases in foreign currency losses in Brazil and Canada. Of the \$0.6 million increase in interest expense, \$2.1 million related to increased interest expense from the 2023 Notes partially offset by \$1.5 million of decreased interest expense from the extension of our senior loan facility in February 2019 and the decrease in long-term debt outstanding from the debt exchange in January 2018.

Income taxes for the nine months ended September 30, 2019 increased \$5.9 million compared with the nine months ended September 30, 2018 primarily due to fluctuations in earnings among the various jurisdictions in which we operate, offset by increases in valuation allowances and increases in foreign tax rate differentials.

## **LIQUIDITY AND CAPITAL RESOURCES**

Our principal source of cash is from the seismic data acquisition services we provide to customers, supplemented as necessary by drawing against our credit facility. Our cash is primarily used to provide additional seismic data acquisition services, including the payment of expenses related to operations and the acquisition of new seismic data equipment, and to pay the interest on outstanding debt obligations. Our cash position and revenues depend on the level of demand for our services. Historically, cash generated from operations, along with cash reserves and borrowings from commercial, private, and related parties, have been sufficient to fund our working capital and to acquire or lease seismic data equipment.

As of September 30, 2019, we had working capital of \$20.2 million compared with \$4.8 million as of December 31, 2018. The increase in working capital was related to a \$5.8 million increase in cash and cash equivalents and decreases in accrued liabilities and current portion of long-term debt and finance leases.

Our working capital needs are difficult to predict and can be subject to significant and rapid increases in our needs. Our available cash varies as a result of the timing of our projects, our customers' budgetary cycles and our receipt of payment. Our working capital requirements may continue to increase due to the expansion of infrastructure that may be required to keep pace with technological advances. In addition, some of our larger projects require significant upfront expenditures.

Over time, we must continue to invest additional capital to maintain, upgrade and expand our seismic data acquisition capabilities. We currently estimate that our capital expenditures for 2019 will not exceed \$3.0 million, of which we have spent \$1.2 million through September 30, 2019. This amount will permit us to maintain the operational capability of our current fleet of equipment so that we can execute ongoing projects without delay or increased costs but will not allow us to purchase any new technology or upgrade existing capital assets.

As previously disclosed, as a result of certain circumstances giving rise to, or occurring as a result of, the restatement, certain events of default had occurred under our credit facility, senior loan facility, 2023 Notes and Senior Notes. We repaid in full the Senior Notes at maturity in September 2019. In September 2019, we entered into forbearance agreements with respect to our credit facility, senior loan facility and 2023 Notes, whereby the holders of the indebtedness thereunder agreed to refrain from exercising their rights and remedies with respect to events of default that have occurred and other potential defaults or events of default that may occur as further specified in the forbearance agreements until 5:00 p.m. (New York City time) on the earlier of (i) November 30, 2019 and (ii) the date the forbearance agreements otherwise terminated in accordance with their terms. The November 30, 2019 deadline was ultimately extended to February 7, 2020. On February 7, 2020, we entered into amendments and waivers to our credit facility, senior loan facility and the indenture governing the 2023 Notes to, among other things, waive existing events of default thereunder and amend certain covenants requiring us to deliver financial statements, reports, projections and other items thereunder. We currently have \$9.5 million of available borrowing capacity under our credit facility, subject to the satisfaction of certain conditions precedent, including the absence of a default and the accuracy of representations and warranties. Under the terms of the Fifth Amendment to our credit facility entered into in December 2019, we are also able to request the issuance of additional incremental commitments in an aggregate principal amount of up to \$5.0 million which each lender may, in its sole and absolute discretion, agree to issue its pro rate share.

We continue to diligently pursue improving our capitalization and reducing our long-term debt, but liquidity issues may continue to challenge us. Until we are able to finally resolve the issues described above, we could continue to experience liquidity and cash flow issues.

### Long-term Debt

As of September 30, 2019, we have \$119.0 million in aggregate principal amount of long-term debt outstanding. For additional information about our long-term debt, please see “Part I. Financial Information – Item 1. Financial Statements” contained herein.

### Cash Flows

Cash flows provided by (used in) type of activity were as follows (in thousands):

	<b>Nine Months Ended September 30,</b>	
	<b>2019</b>	<b>2018 (Restated)</b>
Operating activities	\$ (1,375)	\$ (22,579)
Investing activities	(462)	(22,116)
Financing activities	7,546	61,573

#### *Operating Activities*

Cash flows from operating activities used \$1.4 million and \$22.6 million in the nine months ended September 30, 2019 and 2018, respectively. The significant factor in the change was a favorable change in working capital as a result of increased revenue from services.

#### *Investing Activities*

During the nine months ended September 30, 2019, cash flows used in investing activities consisted of \$1.2 million for the purchase of property and equipment offset by \$0.7 million from the sale of excess property and equipment. During the nine months ended September 30, 2018, cash flows used in investing activities consisted of \$21.7 million for the purchase of assets and \$1.0 million for the purchase of property and equipment offset by proceeds of \$0.7 million from the sale of excess property and equipment.

During the nine months ended September 30, 2019, cash flows provided by financing activities consisted of \$17.7 million of long-term debt borrowings offset by \$7.6 million of long-term debt and finance lease repayments, \$2.3 million of distributions to our noncontrolling interest and \$0.4 million for the purchase of treasury stock. During the nine months ended September 30, 2018, cash flows provided by financing activities consisted of \$123.4 million of long-term debt borrowings offset by \$56.3 million of long-term debt repayments, \$1.6 million of debt issuance costs, \$1.7 million of stock issuance costs and \$1.8 million of treasury stock purchases.

## FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). We have based our forward-looking statements on our current expectations and estimates of future events and trends, which affect or may affect our business and operations. Although we believe that these forward-looking statements are based upon reasonable assumptions, they are subject to several risks and uncertainties and are made in light of information currently available to us. Many important factors, in addition to the risk factors identified in the "Risk Factors" section included in Item 1A of our Annual Report on Form 10-K/A for the year ended December 31, 2018 may have a material adverse effect on our results as indicated in the following forward-looking statements. You should read this Quarterly Report on Form 10-Q and the documents that we have filed as exhibits hereto completely and with the understanding that our actual results may be materially different from what we expect.

Our forward-looking statements may be influenced by the following factors, among others:

- the impact of the restatement of our previously issued consolidated financial statements;
- the identified material weaknesses in our internal control over financial reporting and our ability to remediate those material weaknesses;
- the outcome of the investigations by the SEC, the DOJ and the Alaska Department of Revenue (the "DOR"), which is investigating our treatment of ASV as a VIE and related Alaska tax credit certificates, which could include sanctions or other actions against us and our officers and directors, civil lawsuits and penalties;
- the outcome of our internal investigation into the matters summarized in the Annual Report on Form 10-K/A for the year ended December 31, 2018;
- developments with respect to the Alaskan oil and natural gas exploration tax credit system that continue to affect our ability to timely monetize tax credits, including litigation over the constitutionality of the legislation allowing Alaska to sell bonds to retire its liabilities relating to tax credit certificates;
- fluctuations in the levels of exploration and development activity in the oil and natural gas industry;
- intense industry competition involving a competitive bidding process that involves significant costs and risks;
- delays in permitting and land access rights;
- limited number of customers;
- credit and delayed payment risks related to our customers;
- the availability of liquidity and capital resources, including our need to obtain additional working capital for upfront expenditures for upcoming projects, and the potential impact this has on our business and competitiveness;
- increases in the level of activism against oil and natural gas exploration and development activities;
- need to manage rapid growth and contraction of our business;
- delays, reductions or cancellations of project awards and our ability to realize revenue projected in our backlog;

- operational disruptions due to seasonality, weather and other external factors;
- crew availability and productivity;
- whether we enter into turnkey or term contracts;
- high fixed costs of operations;
- substantial international business exposing us to currency fluctuations and global factors, including economic, political and military uncertainties;
- risks relating to cyber incidents;
- ability to retain key executives;
- need to comply with diverse and complex laws and regulations;
- the possible impact on payments received from the State of Alaska regarding tax credits that have been issued;
- risks related to a possible delisting from the NASDAQ Capital Market;
- costs and outcomes of pending and future litigation; and
- the time and expense required for us to respond to the SEC, DOJ and DOR investigations and for us to complete the restatement and our internal investigation, which expenses have been and are likely to continue to be material and are likely to have a material adverse impact on our cash balance, cash flow and liquidity.

These words “expect,” “anticipate,” “believe,” “estimate,” “intend,” “plan to,” “ought,” “could,” “will,” “should,” “likely,” “appear,” “project,” “forecast,” “outlook” or other similar words or phrases are intended to identify forward-looking statements. These statements discuss future expectations, contain projections of results of operations or of financial condition or state other “forward-looking” information. The forward-looking statements speak only as of the date they were made and, except as required by law, we undertake no obligation to update, amend or clarify any forward-looking statements because of new information, future events or other factors. All of our forward-looking information involves risks and uncertainties that could cause actual results to differ materially from the results expected. Although it is not possible to identify all factors, these risks and uncertainties include the risk factors and the timing of any of the risk factors identified in the “Risk Factors” section included in Item 1A of our Annual Report on Form 10-K/A for the year ended December 31, 2018.

#### **ITEM 4. CONTROLS AND PROCEDURES**

##### **Evaluation of Disclosure Controls and Procedures**

In accordance with Exchange Act Rules 13a-15 and 15d-15, we carried out an evaluation, under the supervision and with the participation of our management, including our principal executive officer and our principal financial officer, of the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report.

As described below, management has identified material weaknesses in our internal control over financial reporting, which is an integral component of our disclosure controls and procedures. As a result of those material weaknesses, our principal executive officer and principal financial officer have concluded that our disclosure controls and procedures were not effective as of September 30, 2019. Disclosure controls and procedures means our controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our principal executive and principal financial officers, or persons performing similar functions, as appropriate, to allow timely decisions regarding required disclosure.

## Material Weaknesses in Internal Control over Financial Reporting

The control environment, which is the responsibility of senior management, helps set the tone of the organization, influences the control consciousness of its officers and employees, and is an important component affecting how the organization performs financial analysis, accounting and financial reporting. A proper organizational tone can be promoted through a variety of means, such as well-documented and communicated policies, a commitment to hiring competent employees, the manner and content of oral and written communications, strong internal controls and effective governance. We did not design or maintain a proper control environment or proper tone at the senior management level.

We did not design or maintain effective monitoring activities and activities surrounding our control environment, which was primarily attributable to not performing ongoing evaluations to ascertain whether the components of internal control are present and functioning and not having a sufficient complement of accounting, information technology and financial reporting personnel with an appropriate level of knowledge to address our financial reporting requirements. The failures within these two components of *Internal Control – Integrated Framework (2013)* contributed to the following material weaknesses at the control activity level:

- Revenues – We did not design or maintain effective controls over the review of revenue contracts for proper revenue recognition and accounts receivable reconciliations and the review of journal entries used to record revenue transactions.
- Complex accounting and management estimates – We did not appropriately design or maintain effective controls over complex accounting relating to variable interest entities or over the review and approval of entering into transactions with newly formed entities, which resulted in certain instances of incorrect accounting and improper consolidation decisions. We also did not appropriately design or maintain effective controls over complex accounting relating to earning per share calculations and the accounting for income taxes. Although the issue relating to income taxes, which was an incorrect valuation allowance on deferred tax assets, arose and was subsequently corrected in fiscal year 2018, sufficient controls were not in place that would necessarily identify a recurrence of such an error.
- Financial statement close and reporting – We did not design or maintain effective controls to support accurate reporting and disclosures within our quarterly and annual reporting.
- Customer and vendor set-up, approval and maintenance – We did not design or maintain effective controls to ensure that necessary procedures regarding the establishment and maintenance of both customers and vendors were followed.
- Related Parties – We did not properly disclose related parties in our consolidated financial statements and some of our officers and employees charged with making the proper notifications for such disclosures were inadequately trained on what constitutes a related party. Furthermore, there were instances where related parties were known to be related parties and were still not properly reported and disclosed.
- Segregation of Duties – We did not properly design or maintain effective controls to prevent unauthorized access to approve certain transactions, including appropriate analysis of segregation of duties conflicts. As a result of this failure, high level employees had the ability to approve transactions, and vendor set up and payments without necessary approvals at the transaction level and oversight at the Board level.
- Information Technology – We did not design or maintain effective controls to prevent unauthorized access to certain systems, programs and data, and provide for periodic review and monitoring of access including review of security logs and analysis of segregation of duties conflicts.

## Remediation Plan for Material Weaknesses in Internal Control over Financial Reporting and Status

We have identified and implemented and continue to identify and implement actions to improve our internal control over financial reporting and disclosure controls and procedures, including actions to enhance our resources and training with respect to financial reporting, including technical accounting, and disclosure responsibilities. We have established a disclosure committee to assist our principal executive officer and principal financial officer in fulfilling their responsibility to oversee the

accuracy, completeness and timeliness of our public disclosures. Additional actions that have been implemented include updating our audit committee charter, code of business conduct and ethics and anti-corruption policy, adopting a new related party transaction policy and creating a more robust conflict of interest questionnaire for employees. An updated mandatory training course has been implemented for all employees in English and in Spanish which covers the code of business conduct and ethics as well as the anti-corruption policy in accordance with the updated policies. Also, we will seek to hire more accounting personnel as deemed necessary to both strengthen reporting lines and segregation of duties as well as improve technical accounting functionality.

We have taken, and continue to take, the actions described below to remediate the identified material weaknesses and believe that the actions described below will remediate the material weaknesses we have identified and strengthen our internal control over financial reporting. We are committed to continuing to improve our internal control processes and will continue to evaluate and improve our internal control over financial reporting. As we continue to evaluate and work to improve our internal control over financial reporting, our senior management may determine to take additional measures to address control deficiencies or determine to modify the remediation efforts described in this section. While the Audit Committee and senior management are closely monitoring the implementation, until the remediation efforts discussed in this section, including any additional remediation efforts that our senior management identifies as necessary, are completed, tested and determined effective, the material weaknesses described above will continue to exist.

Our Board has directed senior management to ensure that a proper, consistent tone is communicated throughout the organization, which emphasizes the expectation that previously existing deficiencies will be rectified through implementation of processes and controls to ensure strict compliance with generally accepted accounting principles and regulatory requirements. We also have taken steps to affect a proper tone through our policies and personnel, which includes the reorganization of our senior level management. Our former Chief Financial Officer and former Chief Operating Officer have been terminated, and agreements were reached with our former Chief Executive Officer and former Vice President, Finance allowing them to resign and provide limited consulting services to assist with the transition of their job duties. In addition, our Chairman, Chief Executive Officer and President has emphasized to all employees the importance of acting ethically and adhering to our code of business conduct and ethics as well as our anti-corruption policy.

We have retained a third-party consulting firm that specializes in internal audit work, and more specifically internal controls work. This firm has assisted, and will continue to assist, management with its risk assessment of internal control over financial reporting as well as documentation and testing of our internal control structure and evaluation of material weaknesses. The controls that exist at the entity level will be particularly scrutinized in this effort.

With oversight from the Audit Committee, our management has begun to design and implement certain remediation measures to address the material weaknesses described above and enhance our internal control over financial reporting. We have taken or will take the following actions to improve the design and operating effectiveness of our internal control in order to remediate these material weaknesses:

- assign process owners to ensure that controls are adequately evaluated and that the design of controls appropriately address risk related to critical functionality;
- strengthen controls around revenue recognition, including stricter reconciliation procedures and the engagement of a third party consultant to assist in the review and analysis of complex contracts;
- improve complex and technical accounting capabilities within our accounting structure by changing senior leadership including the engagement of an interim Chief Financial Officer with significant accounting knowledge and experience and the initiation of a search to fill this role on a more permanent basis. In addition, new accounting personnel will be hired as needed and supported with third party resources as needed;
- require that the Board review and approve all significant transactions;
- strengthen controls around financial close and reporting, including increased review of account reconciliations and imposing stricter monthly and quarterly close procedures and monitoring through a close checklist and additional layers of review;

- formalize the approval and maintenance process for both customers and vendors, including higher level approvals of such where necessary;
- improve controls around related party reporting and transactions, including training on proper related party disclosures on currently used annual forms and the implementation of a new quarterly review process which will require updates from officers and the Board;
- improve segregation of duties issues through the strengthening of internal controls and a separate review and analysis of segregation of duties conflicts, which would include both systems and manual processes; and
- institute new controls and strengthen existing controls in the information technology area, including performing a full review of the information technology general controls, which will include review, testing and updating necessary controls that will address the existing weaknesses and the addition of controls to prevent unauthorized access to systems, programs and data, and controls to provide for periodic review and monitoring of access including review of security logs and analysis of segregation of duties conflicts.

### **Changes in Internal Control over Financial Reporting**

There have not been any changes in our internal control over financial reporting during the three months ended September 30, 2019 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## **PART II. OTHER INFORMATION**

### **ITEM 1. LEGAL PROCEEDINGS**

There have been no material changes in the legal proceedings as described in the section entitled “Legal Proceedings” in our Annual Report on Form 10-K/A for the year ended December 31, 2018.

### **ITEM 1A. RISK FACTORS**

There have been no material changes in the significant risk factors that may affect our business, financial position, results of operations or liquidity as described in the section entitled “Risk Factors” in our Annual Report on Form 10-K/A for the year ended December 31, 2018.

### **ITEM 3. DEFAULTS UPON SENIOR SECURITIES**

As previously disclosed, as a result of certain circumstances giving rise to, or occurring as a result of, the restatement, certain events of default had occurred under our credit facility, senior loan facility, 2023 Notes and Senior Notes. We repaid in full the Senior Notes at maturity in September 2019. In September 2019, we entered into forbearance agreements with respect to our credit facility, senior loan facility and 2023 Notes, whereby the holders of the indebtedness thereunder agreed to refrain from exercising their rights and remedies with respect to events of default that have occurred and other potential defaults or events of default that may occur as further specified in the forbearance agreements until 5:00 p.m. (New York City time) on the earlier of (i) November 30, 2019 and (ii) the date the forbearance agreements otherwise terminated in accordance with their terms. The November 30, 2019 deadline was ultimately extended to February 7, 2020. On February 7, 2020, we entered into amendments and waivers to our credit facility, senior loan facility and the indenture governing the 2023 Notes to, among other things, waive existing events of default thereunder and amend certain covenants requiring us to deliver financial statements, reports, projections and other items thereunder.

### **ITEM 5. OTHER EVENTS**

On February 7, 2020, we entered into amendments and waivers to our credit facility, senior loan facility and the indenture governing the 2023 Notes to, among other things, waive existing events of default thereunder and amend certain covenants requiring us to deliver financial statements, reports, projections and other items thereunder. The foregoing description of the amendments and waivers to our credit facility, senior loan facility and the indenture governing the 2023 Notes are summaries only and is qualified in its entirety by reference to the complete text of (i) the amendment to our credit facility, attached as Exhibit 10.28 hereto, (ii) the amendment to our senior loan facility, attached as Exhibit 10.29 hereto, and (iii) the third supplemental indenture, attached as Exhibit 10.30 hereto, each incorporated by reference into this Form 10-Q.

## ITEM 6. EXHIBITS

The exhibits listed below are filed or furnished as part of this report:

- [3.1 Third Amended and Restated Certificate of Incorporation \(incorporated by reference from Exhibit 3.1 to SAEExploration Holdings, Inc.'s Current Report on Form 8-K/A filed with the SEC on September 9, 2016\)](#)
- [3.2 Certificate of Amendment to Third Amended and Restated Certificate of Incorporation \(incorporated by reference from Exhibit 3.1 to SAEExploration Holdings, Inc.'s Current Report on Form 8-K filed with the SEC on March 8, 2018\)](#)
- [3.3 Second Certificate of Amendment to the Third Amended and Restated Certificate of Incorporation \(incorporated by reference from Exhibit 3.1 to SAEExploration Holdings, Inc.'s Current Report on Form 8-K filed with the SEC on September 19, 2018\)](#)
- [3.4 Third Certificate of Amendment to the Third Amended and Restated Certificate of Incorporation \(incorporated by reference from Exhibit 3.2 to SAEExploration Holdings, Inc.'s Current Report on Form 8-K filed with the SEC on September 19, 2018\)](#)
- [3.5 Fourth Certificate of Amendment to the Third Amended and Restated Certificate of Incorporation \(incorporated by reference from Exhibit 3.1 to SAEExploration Holdings, Inc.'s Current Report on Form 8-K filed with the SEC on November 29, 2018\)](#)
- [3.6 Second Amended and Restated Bylaws \(incorporated by reference from Exhibit 3.2 to SAEExploration Holdings, Inc.'s Current Report on Form 8-K filed with the SEC on August 1, 2016\)](#)
- [3.7 Amendment No. 1 to Second Amended and Restated By-Laws \(incorporated by reference from Exhibit 3.2 to SAEExploration Holdings, Inc.'s Current Report on Form 8-K filed with the SEC on March 8, 2018\)](#)
- [4.1 Warrant Agreement, dated as of December 11, 2019, by and between SAEExploration Holdings, Inc., a Delaware corporation, and Continental Stock Transfer & Trust Company, a New York corporation \(incorporated by reference from Exhibit 4.1 to SAEExploration Holdings, Inc.'s Current Report on Form 8-K filed with the SEC on December 12, 2019\)](#)
- [4.2 Warrant Agreement Amendment, dated as of January 13, 2020 between SAEExploration Holdings, Inc. and Continental Stock Transfer & Trust Company \(incorporated by reference from Exhibit 10.7 to SAEExploration Holdings, Inc.'s Current Report on Form 8-K filed with the SEC on January 13, 2020\).](#)
- [10.1 Engagement Letter, dated as of August 15, 2019, between SAEExploration Holdings, Inc. and Ham, Langston & Brezina, LLP \(incorporated by reference from Exhibit 10.1 to SAEExploration Holdings, Inc.'s Current Report on Form 8-K filed with the SEC on August 16, 2019\)](#)
- [10.2 Second Amendment to the Amended and Restated Executive Employment Agreement, dated as of August 15, 2019, between SAEExploration Holdings, Inc. and Jeffrey Hastings \(incorporated by reference from Exhibit 10.2 to SAEExploration Holdings, Inc.'s Current Report on Form 8-K filed with the SEC on August 16, 2019\)](#)
- [10.3 Executive Employment Agreement, dated as of August 19, 2019, between Michael Faust and SAEExploration Holdings, Inc. \(incorporated by reference from Exhibit 10.1 to SAEExploration Holdings, Inc.'s Current Report on Form 8-K filed with the SEC on August 22, 2019\)](#)
- [10.4 Forbearance Agreement, dated as of September 23, 2019, among SAEExploration, Inc., SAEExploration Holdings, Inc., the other loan parties thereto and the lenders party thereto \(incorporated by reference from Exhibit 10.1 to SAEExploration Holdings, Inc.'s Current Report on Form 8-K filed with the SEC on September 23, 2019\)](#)
- [10.5 Forbearance Agreement, dated as of September 23, 2019, among SAEExploration Holdings, Inc., the other loan parties thereto and the lenders party thereto \(incorporated by reference from Exhibit 10.2 to SAEExploration Holdings, Inc.'s Current Report on Form 8-K filed with the SEC on September 23, 2019\)](#)
- [10.6 Forbearance Agreement, dated as of September 23, 2019, among SAEExploration Holdings, Inc. and the holders party thereto \(incorporated by reference from Exhibit 10.3 to SAEExploration Holdings, Inc.'s Current Report on Form 8-K filed with the SEC on September 23, 2019\)](#)

- [10.7](#) [Subsequent Advance Commitment Request and Amendment No. 2 to Third Amended and Restated Credit and Security Agreement, dated as of September 23, 2019, among SAExploration, Inc., as Borrower, the Guarantors party thereto, the Lenders party thereto and Cantor Fitzgerald Securities \(incorporated by reference from Exhibit 10.1 to SAExploration Holdings, Inc.'s Current Report on Form 8-K filed with the SEC on September 25, 2019\)](#)
- [10.8](#) [Secured Promissory Note made by SAExploration, Inc. to GTC, Inc., dated as of November 18, 2019 \(incorporated by reference from Exhibit 10.1 to SAExploration Holdings, Inc.'s Current Report on Form 8-K filed with the SEC on November 19, 2019\)](#)
- [10.9](#) [Purchase Money Security Agreement, dated as of November 18, 2019, between SAExploration, Inc. and GTC, Inc. \(incorporated by reference from Exhibit 10.2 to SAExploration Holdings, Inc.'s Current Report on Form 8-K filed with the SEC on November 19, 2019\)](#)
- [10.10](#) [Amendment No. 3 to Third Amended and Restated Credit Agreement and Security Agreement, dated as of November 18, 2019, among SAExploration, Inc. SAExploration Holdings, Inc., the other loan parties thereto and the lenders party thereto \(incorporated by reference from Exhibit 10.3 to SAExploration Holdings, Inc.'s Current Report on Form 8-K filed with the SEC on November 19, 2019\)](#)
- [10.11](#) [Amendment No. 8 to the Term Loan and Security Agreement, dated as of November 18, 2019 among SAExploration Holdings, Inc., the other loan parties thereto and the lenders party thereto \(incorporated by reference from Exhibit 10.4 to SAExploration Holdings, Inc.'s Current Report on Form 8-K filed with the SEC on November 19, 2019\)](#)
- [10.12](#) [First Supplemental Indenture, dated as of November 18, 2019, among SAExploration Holdings, Inc., the guarantors party thereto, Wilmington Savings Fund, FSB, as trustee and collateral trustee, and the holders party thereto \(incorporated by reference from Exhibit 10.5 to SAExploration Holdings, Inc.'s Current Report on Form 8-K filed with the SEC on November 19, 2019\)](#)
- [10.13+](#) [Asset sale agreement, dated as of November 22, 2019 among SAExploration \(Australia\) Pty Ltd., SAExploration Holdings, Inc. and Terrex Pty Ltd. \(incorporated by reference from Exhibit 10.1 to SAExploration Holdings, Inc.'s Current Report on Form 8-K filed with the SEC on November 29, 2019\)](#)
- [10.14](#) [Amendment No. 4 to Third Amended and Restated Credit Agreement and Security Agreement, dated as of November 22, 2019, among SAExploration, Inc. SAExploration Holdings, Inc., the other loan parties thereto and the lenders party thereto \(incorporated by reference from Exhibit 10.2 to SAExploration Holdings, Inc.'s Current Report on Form 8-K filed with the SEC on November 29, 2019\)](#)
- [10.15](#) [Amendment No. 9 to the Term Loan and Security Agreement, dated as of November 22, 2019 among SAExploration Holdings, Inc., the other loan parties thereto and the lenders party thereto \(incorporated by reference from Exhibit 10.3 to SAExploration Holdings, Inc.'s Current Report on Form 8-K filed with the SEC on November 29, 2019\)](#)
- [10.16](#) [Amendment No. 5 to Third Amended and Restated Credit Agreement and Security Agreement, dated as of December 11, 2019, by and among SAExploration, Inc., a Delaware corporation, as borrower, SAExploration Holdings, Inc., a Delaware corporation, the other guarantors parties thereto, the lenders party thereto, and Cantor Fitzgerald Securities, as administrative agent and collateral agent for the Lenders \(incorporated by reference from Exhibit 10.1 to SAExploration Holdings, Inc.'s Current Report on Form 8-K filed with the SEC on December 12, 2019\)](#)
- [10.17](#) [Amendment No. 1 to Intercreditor Amendment, dated as of December 11, 2019, by and among Cantor Fitzgerald Securities, as agent, Delaware Trust Company, as administrative agent and collateral agent, Wilmington Savings Fund Society, FSB, as trustee and collateral trustee, and the ABL Lenders, Term Lenders and holders of Convertible Notes party thereto \(incorporated by reference from Exhibit 10.2 to SAExploration Holdings, Inc.'s Current Report on Form 8-K filed with the SEC on December 12, 2019\)](#)
- [10.18](#) [Amendment No. 1 to Amended and Restated Intercreditor Agreement, dated as of December 11, 2019, by and among Cantor Fitzgerald Securities, as agent, Delaware Trust Company, as administrative agent and collateral agent, and the ABL Lenders and Term Lenders party thereto \(incorporated by reference from Exhibit 10.3 to SAExploration Holdings, Inc.'s Current Report on Form 8-K filed with the SEC on December 12, 2019\)](#)
- [10.19](#) [Amendment No. 1 to Forbearance Agreement, dated as of December 31, 2019, among SAExploration, Inc., SAExploration Holdings, Inc., the other loan parties party thereto and the lenders party thereto \(incorporated by reference from Exhibit 10.1 to SAExploration Holdings, Inc.'s Current Report on Form 8-K filed with the SEC on January 2, 2020\).](#)

<a href="#"><u>10.20</u></a>	<a href="#"><u>Amendment No. 1 to Forbearance Agreement, dated as of December 31, 2019, among SAEExploration Holdings, Inc., the other loan parties party thereto and the lenders party thereto (incorporated by reference from Exhibit 10.2 to SAEExploration Holdings, Inc.'s Current Report on Form 8-K filed with the SEC on January 2, 2020).</u></a>
<a href="#"><u>10.21</u></a>	<a href="#"><u>Amendment No. 1 to Forbearance Agreement, dated as of December 31, 2019, among SAEExploration Holdings, Inc. and the holders party thereto (incorporated by reference from Exhibit 10.3 to SAEExploration Holdings, Inc.'s Current Report on Form 8-K filed with the SEC on January 2, 2020).</u></a>
<a href="#"><u>10.22+</u></a>	<a href="#"><u>Asset Purchase Agreement for the Aklaq and Kuukpik Surveys, dated as of January 10, 2020 among SAEExploration, Inc., ALASKAN Seismic Ventures, LLC, and TGS-NOPEC Geophysical Company ASA (incorporated by reference from Exhibit 10.1 to SAEExploration Holdings, Inc.'s Current Report on Form 8-K filed with the SEC on January 13, 2020).</u></a>
<a href="#"><u>10.23+</u></a>	<a href="#"><u>Asset Purchase Agreement for the CRD Surveys, dated as of January 10, 2020 among SAEExploration, Inc. and TGS-NOPEC Geophysical Company ASA (incorporated by reference from Exhibit 10.2 to SAEExploration Holdings, Inc.'s Current Report on Form 8-K filed with the SEC on January 13, 2020).</u></a>
<a href="#"><u>10.24</u></a>	<a href="#"><u>Sellers Side Letter Agreement, dated as of January 10, 2020, between SAE Exploration, Inc. and ALASKAN Seismic Ventures, LLC (incorporated by reference from Exhibit 10.3 to SAEExploration Holdings, Inc.'s Current Report on Form 8-K filed with the SEC on January 13, 2020).</u></a>
<a href="#"><u>10.25+</u></a>	<a href="#"><u>Amendment No. 6 to Third Amended and Restated Credit and Security Agreement, dated as of January 10, 2020 among SAEExploration, Inc., SAEExploration Holdings, Inc., the other loan parties party thereto and the lenders party thereto (incorporated by reference from Exhibit 10.4 to SAEExploration Holdings, Inc.'s Current Report on Form 8-K filed with the SEC on January 13, 2020).</u></a>
<a href="#"><u>10.26+</u></a>	<a href="#"><u>Amendment No. 10 to the Term Loan and Security Agreement, dated as of January 10, 2020 among SAEExploration Holdings, Inc., the other loan parties party thereto and the lenders party thereto (incorporated by reference from Exhibit 10.5 to SAEExploration Holdings, Inc.'s Current Report on Form 8-K filed with the SEC on January 13, 2020).</u></a>
<a href="#"><u>10.27+</u></a>	<a href="#"><u>Second Supplemental Indenture, dated as of January 10, 2020 among SAEExploration Holdings, Inc., the guarantors party thereto, Wilmington Savings Fund Society, FSB, as trustee and collateral trustee, and the holders party thereto (incorporated by reference from Exhibit 10.6 to SAEExploration Holdings, Inc.'s Current Report on Form 8-K filed with the SEC on January 13, 2020).</u></a>
<a href="#"><u>10.28*+</u></a>	<a href="#"><u>Amendment No. 7 to Third Amended and Restated Credit and Security Agreement and Waiver, dated as of February 7, 2020 among SAEExploration, Inc., SAEExploration Holdings, Inc., the other loan parties party thereto and the lenders party thereto.</u></a>
<a href="#"><u>10.29*+</u></a>	<a href="#"><u>Amendment No. 11 to the Term Loan and Security Agreement and Waiver, dated as of February 7, 2020 among SAEExploration Holdings, Inc., the other loan parties party thereto and the lenders party thereto.</u></a>
<a href="#"><u>10.30*</u></a>	<a href="#"><u>Third Supplemental Indenture, dated as of February 7, 2020 among SAEExploration Holdings, Inc., the guarantors party thereto, Wilmington Savings Fund Society, FSB, as trustee and collateral trustee, and the holders party thereto.</u></a>
<a href="#"><u>31.1*</u></a>	<a href="#"><u>Rule 13a-14(a) Certification of Chief Executive Officer</u></a>
<a href="#"><u>31.2*</u></a>	<a href="#"><u>Rule 13a-14(a) Certification of Chief Financial Officer</u></a>
<a href="#"><u>32.1**</u></a>	<a href="#"><u>Section 1350 Certification of Chief Executive Officer</u></a>
<a href="#"><u>32.2**</u></a>	<a href="#"><u>Section 1350 Certification of Chief Financial Officer</u></a>
<a href="#"><u>101*</u></a>	<a href="#"><u>Interactive Data Files</u></a>

\* Filed herewith

\*\* Furnished herewith

+ Certain schedules (or similar attachments) have been omitted pursuant to Item 601 (a)(5) of Regulation S-K. A copy of any omitted schedule (or similar attachment) will be furnished to the SEC upon request.

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

### **SAExploration Holdings, Inc.**

By: /s/ Michael Faust

Michael Faust

Chief Executive Officer and President

(Duly Authorized Officer and Principal Executive Officer)

By: /s/ Kevin Hubbard

Kevin Hubbard

Interim Chief Financial Officer

(Duly Authorized Officer and Principal Financial Officer)

Date: February 7, 2020

**AMENDMENT NO. 7 TO  
THIRD AMENDED AND RESTATED CREDIT AND SECURITY AGREEMENT AND WAIVER**

This AMENDMENT NO. 7 TO THIRD AMENDED AND RESTATED CREDIT AND SECURITY AGREEMENT AND WAIVER (this "Amendment") dated as of February 7, 2020, is entered into among SAExploration, Inc., a Delaware corporation (the "Borrower"), the Guarantors party hereto and the Lenders party hereto.

WITNESSETH:

WHEREAS, reference is made to that certain Third Amended and Restated Credit and Security Agreement dated as of September 26, 2018 entered into among the Borrower, the Guarantors party thereto, the Lenders party thereto and Cantor Fitzgerald Securities, as administrative agent and collateral agent for the Lenders (in such capacities, the "Agent") (as amended, modified, supplemented and in effect immediately prior to the effectiveness of this Amendment, the "Agreement"). Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to them in the Agreement (as amended by this Amendment);

WHEREAS, the Borrower has requested that the Required Lenders (i) waive all of the Defaults and Events of Default set forth on Exhibit A attached hereto and made a part hereof (collectively, the "Subject Defaults"), and (ii) agree to amend the Agreement and the Fifth Amendment, in each case, as set forth in this Amendment; and

WHEREAS, the Required Lenders have agreed to the waiver and amendments described herein, in each case, in accordance with the terms and conditions set forth in this Amendment.

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged), the parties hereto hereby agree as follows:

1. Waiver and Amendments.

Notwithstanding anything set forth in the Agreement, the other Loan Documents, or that certain Forbearance Agreement dated as of September 23, 2019, among the Borrower, the Guarantors party thereto, and the Lenders party thereto (as amended by Amendment No. 1 to Forbearance Agreement dated as of December 31, 2019, and as extended in accordance with Section 12 thereof, the "Forbearance Agreement") to the contrary, subject to the satisfaction of each of the conditions precedent in Section 3 of this Amendment, the Required Lenders agree and consent to clauses (a) through (c) below, in each case, as follows:

a) Waiver. The Required Lenders hereby waive the Subject Defaults (collectively, the "Waiver"), provided, that for the avoidance of doubt neither the Waiver nor any other correspondence or any oral communications by the Agent, the Required Lenders or any other Lender shall be construed to constitute a waiver, modification or release of (i) any breach or other Defaults or Events of Default (other than the Subject Defaults), whether now existing or hereafter arising and whether or not identified in the Forbearance Agreement and whether or not Agent and/or any Lender may have any notice or information with respect thereto as of the date hereof or (ii) any of the Agent's, the Required Lenders' or any other Lenders' rights, privileges or remedies under the Agreement, any other Loan Documents or any other agreement, instrument or document, or any applicable law (other than with respect to the Subject Defaults). Except as expressly provided herein,

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(i) nothing contained in this Amendment, or any other communication between or among the Borrower, the Loan Parties and the Agent and/or the Lenders, shall be construed to constitute a waiver by the Agent or the Lenders of any covenant or provision of the Agreement or other Loan Documents, this Amendment, or any other contract or instrument between the Borrower, the other Loan Parties, the Agent or the Lenders, and the failure of the Agent or the Lenders at any time prior to the date hereof or hereafter to require strict performance by the Borrower, the other Loan Parties, or any other Person of any provision thereof shall not waive, affect, or diminish any right of the Agent, the Required Lenders or any other Lender thereafter to demand strict compliance therewith or herewith, (ii) nothing contained in this Amendment shall directly or indirectly, in any way whatsoever, either (A) impair, prejudice, or otherwise adversely affect the Agent's or the Lender's right at any time to exercise any right, privilege, or remedy in connection with the Agreement and the other Loan Documents (other than with respect to the Subject Defaults) or (B) constitute any course of dealing or other basis for altering any obligation of the Borrower, the other Loan Parties or any other Person under the Agreement or any other Loan Document or any right, privilege, or remedy of the Agent, the Required Lenders or any other Lender under the Agreement or any other Loan Document and (iii) Agent and Lenders reserve the right, in their discretion, to exercise any or all of its or their rights and remedies arising under the Agreement or any other Loan Document, as a result of any Events of Default which may have occurred prior to the date hereof (other than the Subject Defaults), or are continuing on the date hereof (after giving effect to this Waiver), or any Event of Default which may occur after the date hereof. Although not a party hereto, the Agent shall be permitted to rely on this Section 1.

b) Amendment of Agreement and Fifth Amendment. The Required Lenders hereby agree to the amendments to the Agreement and the Fifth Amendment set forth in this Amendment.

c) Amendment of Term Credit Agreement and Convertible Notes. The Required Lenders hereby consent and agree to the amendment to the Term Credit Agreement (and all amendments and waivers set forth therein) and the supplement to Convertible Notes Indenture (and all amendments and waivers set forth therein), in each case, executed on the date hereof (and delivered to the Lenders contemporaneously with the execution of this Amendment on the date hereof).

2. Amendments. Effective as of the Seventh Amendment Effective Date, the Required Lenders, the Borrower, and each of the Guarantors hereby agree as follows:

(a) The following defined terms are added to Schedule 1.1A to the Agreement in the appropriate alphabetical order:

“Disclosure Restrictions” means none of the Loan Parties will be required to disclose, permit the inspection, examination or making copies or abstracts of, or discussion of, any document, information or other matter (i) that in their good faith judgment constitutes non-financial trade secrets or non-financial proprietary information, (ii) in respect of which in their good faith judgment disclosure is prohibited by any Legal Requirements or any binding agreement or (iii) that in their good faith judgment is subject to attorney client or similar privilege or constitutes attorney work product.

“Seventh Amendment” means that certain Amendment No. 7 to Third Amended and Restated Credit and Security Agreement and Waiver, dated as of February 7, 2020, among the Borrower, the Guarantors party thereto and the Lenders party thereto.

“Seventh Amendment Effective Date” shall mean February 7, 2020, subject to the satisfaction of the conditions to effectiveness set forth in Section 3 of the Seventh Amendment.

(b) The parenthetical “(as defined in the Second Amended and Restated Agreement)” in the definition of “Obligations” is amended and restated in its entirety as follows “(as defined in the Second Amended and Restated Credit Agreement)”.

(c) Section 2.II.(c)(vi) of the Fifth Amendment is amended and restated in its entirety as set forth below:

“(vi) the representations and warranties of Borrower and each other Loan Party or its Subsidiaries contained in the Agreement and in the other Loan Documents shall be true and correct in all material respects (except that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof) on and as of the date of the Fifth Amendment Additional Advance Date (before and after giving effect to making the Fifth Amendment Additional Advances), as though made on and as of such date (except to the extent that such representations and warranties relate solely to an earlier date, in which case such representations and warranties shall continue to be true and correct as of such earlier date);”

(d) Schedule 6.1 (Financial Statements, Reports, Certificates) to the Agreement is hereby amended and restated in its entirety to read in full as set forth on Schedule 6.1 hereto.

3. Conditions Precedent to Effectiveness of this Amendment. The effectiveness of this Amendment and the Waiver, are subject to the fulfillment, to the satisfaction of, or waiver by the Required Lenders of each of the following:

a) the Required Lenders and Agent shall have received this Amendment, duly executed by the Borrower, the Guarantors and the Required Lenders;

b) the Required Lenders shall have received an officer’s certificate from an Authorized Person of the Borrower, in form and substance reasonably satisfactory to the Required Lenders, affirming that the conditions precedent (g) and (h) in Section 3 of this Amendment have been satisfied;

c) the Required Lenders shall have received evidence from the Borrower that the execution, delivery and performance of this Amendment by the Borrower and the Guarantors has been duly authorized by all necessary corporate action, including without limitation the approval of the Board of Directors or the Board of Managers of the Borrower and the Guarantors, as applicable;

d) the Borrower shall have received all consents and amendments under the Term Credit Agreement and the Convertible Notes Indenture necessary to permit this Amendment, each, duly executed and delivered by the parties thereto, and shall have delivered copies of the same to the Required Lenders;

e) the Borrower shall have received a waiver of all Existing Defaults (as defined in the Convertible Notes Forbearance Agreement (as defined in the Forbearance Agreement)) and all Potential Defaults (as defined in the Convertible Notes Forbearance Agreement (as defined in the Forbearance Agreement)), and shall have delivered a copy of the same to the Required Lenders;

f) the Borrower shall have received a waiver of all Existing Defaults (as defined in the Term Loan Forbearance Agreement (as defined in the Forbearance Agreement)) and all Potential Defaults (as defined in the Term Loan Forbearance Agreement (as defined in the Forbearance Agreement)), and shall have delivered a copy of the same to the Required Lenders;

g) after giving effect to this Amendment, no Default or Event of Default shall have occurred and be continuing on the date of such Seventh Amendment Effective Date (after giving effect to the Waiver);

h) the representations and warranties of the Borrower and each other Loan Party or its Subsidiaries contained in the Agreement and in the other Loan Documents shall be true and correct in all material respects (except that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof) after giving effect to this Amendment, on and as of the date of the Seventh Amendment Effective Date, as though made on and as of such date (except to the extent that such representations and warranties relate solely to an earlier date, in which case such representations and warranties shall continue to be true and correct as of such earlier date);

i) delivery to the Required Lenders of the following reports in final form to be filed by Parent with the Securities and Exchange Commission immediately after the occurrence of the Seventh Amendment Effective Date (collectively, the “Requisite SEC Reports”): (i) an amended Annual Report on Form 10-K/A for the fiscal year ended December 31, 2018 (which shall include restated audited consolidated financial statements as of and for the years ended December 31, 2018 and 2017, as well as restated unaudited interim financial statements for the quarterly periods during 2018 and 2017, restated selected consolidated statement of operations data for the years ended December 31, 2016, 2015 and 2014, and restated selected consolidated balance sheet data and other financial data as of December 31, 2016, 2015 and 2014), (ii) an amended Quarterly Report on Form 10-Q/A for the quarterly period ended March 31, 2019, and (iii) Quarterly Reports on Form 10-Q for the quarterly periods ended June 30, 2019 and September 30, 2019; and

j) the Borrower shall have paid all costs and expenses of the Agent and the Lenders (i) incurred by or on behalf of the Agent or the Lenders (including reasonable attorneys’ fees and expenses of Brown Rudnick LLP, Paul, Weiss, Rifkind, Wharton & Garrison LLP and Shipman & Goodwin LLP) arising under or in connection with the preparation, execution and delivery of this Amendment, and (ii) invoiced and outstanding on the date hereof.

For purposes of determining compliance with the conditions specified in this Amendment each Lender party to this Amendment shall be deemed to have consented to, approved or accepted or to be satisfied with each document or other matter required hereunder to be consented to or approved by or acceptable or satisfactory to the Lenders by the Seventh Amendment Effective Date unless the Required Lenders shall have received written notice from such Lender prior to the Seventh Amendment Effective Date specifying its objection thereto.

4. Termination of Forbearance Agreement. The Required Lenders, the Borrower, and each of the Guarantors hereby acknowledge and agree that the Forbearance Period (as defined in the Forbearance Agreement) and the Forbearance Agreement are, in each case, without need for further action by the Required Lenders or any other Person automatically terminated (other than any provisions therein which survive termination of such Forbearance Agreement) effective as of the Seventh Amendment Effective Date.

5. Confirmation of Compliance with Section 15.1 of the Agreement. The Borrower and the Lenders party hereto hereby confirm that all of the actions required to be taken by the Lenders and the Borrower pursuant to Section 15.1 of the Agreement have been taken in accordance with the provisions of such Section. The Borrower confirms that this Amendment is permitted under the Agreement and is not prohibited by the terms of the Existing Intercreditor Agreement or the New Intercreditor Agreement or the Junior Documents (as defined in the Existing Intercreditor Agreement and the New Intercreditor Agreement).

6. Representations and Warranties. The Borrower and each of the other Loan Parties hereby represents and warrants that the execution and delivery of this Amendment and, after giving effect to this Amendment, the performance by each of them of their respective obligations under the Agreement, are within its powers, have been duly authorized, are not in contravention of applicable law or the terms of its operating agreement or other organizational documents and except as have been previously obtained, do not require the consent or approval of any governmental body, agency or authority, and that this Amendment and the Agreement (as amended hereby) will constitute the valid and binding obligations of the Borrower and each of the other Loan Parties, as applicable, enforceable in accordance with their terms, except as enforcement thereof may be limited by applicable bankruptcy, reorganization, insolvency, moratorium, fraudulent conveyance, ERISA or similar laws affecting the enforcement of creditors' rights generally and by general principles of equity (whether enforcement is sought in a proceeding in equity or at law).

7. Reference to and Effect on the Agreement. The Borrower and each of the other Loan Parties hereby reaffirms, confirms, ratifies, covenants, and agrees to be bound by each of its covenants, agreements, and obligations under the Agreement (as amended hereby), and each other Loan Document previously executed and delivered by it. Each reference in the Agreement to "this Agreement" or "the Loan Agreement" shall be deemed to refer to the Agreement after giving effect to this Amendment. This Amendment is a Loan Document.

8. Execution in Counterparts. This Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute but one and the same agreement. Delivery of an executed counterpart of a signature page to this Amendment by telecopier or electronic mail shall be effective as delivery of a manually executed counterpart of this Amendment.

9. Governing Law. This Amendment shall be a contract made under and governed by the laws of the State of New York without giving effect to its principles of conflicts of laws.

10. Guarantors Consent and Acknowledgement. The Guarantors, for value received, hereby consent to the Borrower's execution and delivery of this Amendment, the Waiver and the performance by the Borrower of its agreements and obligations hereunder. This Amendment and the performance or consummation of any transaction that may be contemplated under this Amendment (including, without limitation, the Waiver), shall not limit, restrict, extinguish or otherwise impair the Guarantors' liabilities and obligations to Agent and/or Lenders under the Loan Documents (including without limitation the Guaranteed Obligations). Each of the Guarantors acknowledges and agrees that (i) the Guaranty to which such Guarantor is a party remains in full force and effect and is fully enforceable against such Guarantor in accordance with its terms and (ii) it has no offsets, claims or defenses to or in connection with the Guaranteed Obligations, all of such offsets, claims and/or defenses are hereby waived.

11. Reaffirmation. In each case, except as modified by this Amendment, the Borrower and each of the Loan Parties hereby (i) acknowledges and agrees that all of its pledges, grants of security interests and Liens and other obligations under the Agreement and the other Loan Documents to which it is a party are reaffirmed and remain in full force and effect on a continuous basis, (ii) reaffirms (x) each

Lien granted by it to the Agent for the benefit of the Secured Parties, and (y) the guarantees (including the Guaranty) made by it pursuant to the Agreement, and (iii) acknowledges and agrees that the grants of security interests and Liens by and the guarantees of the Guarantors contained in the Agreement and the other Loan Documents are, and shall remain, in full force and effect on and after the Seventh Amendment Effective Date. Except as specifically modified herein, the Loan Documents and the Obligations are in all respects ratified and confirmed (mutatis mutandis) and shall remain in full force and effect in accordance with their terms.

12. Release. The Borrower and the other Loan Parties (collectively, the “Releasing Parties”) hereby release, acquit and forever discharge the Agent, the Lenders and their respective Lender-Related Parties (collectively, the “Released Parties”) from and against any and all manner of actions, causes of action, suits, debts, controversies, damages, judgments, executions, claims (including, without limitation, crossclaims, counterclaims and rights of set-off and recoupment) and demands whatsoever, whether known or unknown, whether asserted or unasserted, in contract, tort, law or equity which any Releasing Party may have against any of the Released Parties by reason of any action, failure to act, matter or thing whatsoever arising from or based on facts occurring on or prior to the date hereof that relate to the Agreement, the other Loan Documents, this Amendment, the Waiver or the transactions contemplated thereby or hereby (except to the extent arising from the willful misconduct or gross negligence of any Released Parties), including but not limited to any such claim or defense to the extent that it relates to (a) any covenants, agreements, duties or obligations set forth in the Loan Documents or (b) any actions or omissions of any of the Released Parties in connection with the initiation or continuing exercise of any right or remedy contained in the Loan Documents or at law or in equity with respect to the Loan Documents.

13. Expenses. The Borrower and the other Loan Parties hereby acknowledge and agree that their obligations to pay the Expenses pursuant to Section 19.9 of the Agreement include, without limitation, all reasonable and documented out-of-pocket fees and disbursements of each of (a) Brown Rudnick LLP in its capacity as counsel to certain of the Lenders, and (b) Paul, Weiss, Rifkind, Wharton & Garrison LLP in its capacity as counsel to certain of the Lenders, in each case in connection with or as a result of or related to the execution and delivery, enforcement, performance, or administration (including any restructuring, forbearance or workout with respect thereto) of the Agreement, this Amendment, any of the other Loan Documents and the transactions related to the Loan Documents or the monitoring of compliance by the Borrower and each Loan Party and each of its Subsidiaries with the terms of the Loan Documents.

14. Agent Makes No Representation. The Agent makes no representation as to the validity, enforceability or sufficiency of this Amendment or the statements made in the recitals, all of which are statements of the Borrower and/or the Lenders, respectively.

15. Third Party Beneficiary. The Agent is an express third party beneficiary of this Amendment.

16. New Event of Default. The Borrower and each of the other Loan Parties hereby covenants and agrees that failure to comply with any provision set forth in this Amendment shall constitute an immediate Event of Default without notice or grace.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed and delivered under seal as of the date first above written.

**BORROWER:**

**SAEXPLORATION, INC.**

By: /s/ Michael J. Faust  
Name: Michael J. Faust  
Title: Chief Executive Officer and President

**GUARANTORS:**

**SAEXPLORATION HOLDINGS, INC.**

By: /s/ Michael J. Faust  
Name: Michael J. Faust  
Title: Chief Executive Officer and President

**SAEXPLORATION SUB, INC.**

By: /s/ Michael J. Faust  
Name: Michael J. Faust  
Title: Chief Executive Officer

**NES, LLC**

By: /s/ Michael J. Faust  
Name: Michael J. Faust  
Title: Chief Executive Officer and President

**SAEXPLORATION SEISMIC SERVICES (US), LLC**

By: /s/ Michael J. Faust  
Name: Michael J. Faust  
Title: Chief Executive Officer and President

**LENDERS:**

**WHITEBOX ASYMMETRIC PARTNERS, L.P.**

By: /s/ Mark Strefling  
Name: Mark Strefling  
Title: Partner & CEO

*[Signature Page to Amendment No. 7 to Third Amended and Restated Credit and Security Agreement and Waiver]*

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**WHITEBOX MULTI-STRATEGY PARTNERS, L.P.**

By: Whitebox Advisors LLC its investment manager

By: /s/ Mark Strefling

Name: Mark Strefling

Title: Partner & CEO

**WHITEBOX CREDIT PARTNERS, L.P.**

By: /s/ Mark Strefling

Name: Mark Strefling

Title: Partner & CEO

**LENDERS:**

**HIGHBRIDGE MSF INTERNATIONAL LTD.**

By: Highbridge Capital Management, LLC as Trading Manager  
and not in its individual capacity

By: /s/ Jonathan Segal

Name: Jonathan Segal

Title: Managing Director

**HIGHBRIDGE TACTICAL CREDIT MASTER FUND, L.P.**

By: Highbridge Capital Management, LLC as Trading Manager  
and not in its individual capacity

By: /s/ Jonathan Segal

Name: Jonathan Segal

Title: Managing Director

**LENDERS:**

**BLUE MOUNTAIN CREDIT ALTERNATIVES MASTER FUND  
L.P.**

By: /s/ David O'Mara

Name: David O'Mara

Title: Deputy General Counsel

**BLUEMOUNTAIN KICKING HORSE FUND L.P.**

By: /s/ David O'Mara  
Name: David O'Mara  
Title: Deputy General Counsel

**BLUEMOUNTAIN MONTENVERS MASTER FUND SCA  
SICAV-SIF**

By: /s/ David O'Mara  
Name: David O'Mara  
Title: Deputy General Counsel

**BLUEMOUNTAIN SUMMIT TRADING L.P.**

By: /s/ David O'Mara  
Name: David O'Mara  
Title: Deputy General Counsel

**LENDER:**

**JOHN PECORA**

/s/ John Pecora

## EXHIBIT A

All Defaults and Events of Default occurring on or before the Seventh Amendment Effective Date and arising:

1. under Section 9.2 of the Agreement as a result of the failure to furnish:
  - (a) unaudited financial statements for each month occurring in 2015, 2016, 2017, 2018, and 2019, together with any applicable Compliance Certificates (whether such financial statements were not furnished in accordance with GAAP or were not furnished at all),
  - (b) unaudited financial statements for each of the fiscal quarters ended June 30, 2015 through the fiscal quarter ended September 30, 2019, together with any applicable Compliance Certificates (whether such financial statements were not furnished in accordance with GAAP or were not furnished at all),
  - (c) in accordance with GAAP, the audited financial statements for fiscal years ended December 31, 2014, 2015, 2016, 2017 and 2018, together with any applicable Compliance Certificates.
2. under Section 9.2 of the Agreement as a result of the failure to furnish the Parent's Projections for the 2020 fiscal year on or before the date that is 30 days before the start of Borrower's 2020 fiscal year;
3. under Sections 9.2, 9.8, 9.11 and 9.12 of the Agreement, in each case, as a result of the facts and circumstances disclosed in the "Explanatory Note" included in each of the Requisite SEC Reports (the "Material Events");
4. under Sections 9.7(a), 9.7(c), 9.7(d), 9.7(e) and 9.14 of the Agreement as a result of multiple events of default having occurred under the Convertible Notes Documents, the Term Documents and the New Senior Notes Documents; in each case, which occurred as a result of or arose from the Material Events or which occurred as a result of any of the foregoing Defaults or Events of Default described on this Exhibit A; and
5. as a result of any delay by the Borrower in delivering its weekly 13-week cash flow forecast by 11 a.m. on each Wednesday during the forbearance period, as required by the Forbearance Agreement.

**AMENDMENT NO. 11 TO  
TERM LOAN AND SECURITY AGREEMENT AND WAIVER**

This AMENDMENT NO. 11 TO TERM LOAN AND SECURITY AGREEMENT AND WAIVER (this "Amendment") dated as of February 7, 2020, is entered into among SAExploration Holdings, Inc., a Delaware corporation (the "Borrower"), the Guarantors party hereto and the Lenders party hereto.

WITNESSETH:

WHEREAS, reference is made to that certain Term Loan and Security Agreement dated as of June 29, 2016 entered into among the Borrower, the Guarantors party thereto, the Lenders party thereto and Delaware Trust Company, as administrative agent and collateral agent for the Lenders (in such capacities, the "Agent") (as amended, modified, supplemented and in effect immediately prior to the effectiveness of this Amendment, the "Agreement"). Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to them in the Agreement (as amended by this Amendment);

WHEREAS, the Borrower has requested that the Required Lenders (i) waive all of the Defaults and Events of Default set forth on Exhibit A attached hereto and made a part hereof (collectively, the "Subject Defaults"), and (ii) agree to amend the Agreement, as set forth in this Amendment; and

WHEREAS, the Required Lenders have agreed to the waiver and amendments described herein, in each case, in accordance with the terms and conditions set forth in this Amendment.

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged), the parties hereto hereby agree as follows:

1. Waiver and Amendments.

Notwithstanding anything set forth in the Agreement, the other Loan Documents, or that certain Forbearance Agreement dated as of September 23, 2019, among the Borrower, the Guarantors, and the Lenders party thereto (as amended by Amendment No. 1 to Forbearance Agreement dated as of December 31, 2019, and as extended in accordance with Section 12 thereof, the "Forbearance Agreement") to the contrary, subject to the satisfaction of each of the conditions precedent in Section 3 of this Amendment, the Required Lenders agree and consent to clauses (a) through (c) below, in each case, as follows:

a) Waiver. The Required Lenders hereby waive the Subject Defaults (collectively, the "Waiver"), provided, that for the avoidance of doubt neither the Waiver nor any other correspondence or any oral communications by the Agent, the Required Lenders or any other Lender shall be construed to constitute a waiver, modification or release of (i) any breach or other Defaults or Events of Default (other than the Subject Defaults), whether now existing or hereafter arising and whether or not identified in the Forbearance Agreement and whether or not Agent and/or any Lender may have any notice or information with respect thereto as of the date hereof or (ii) any of the Agent's, the Required Lenders' or any other Lenders' rights, privileges or remedies under the Agreement, any other Loan Documents or any other agreement, instrument or document, or any applicable law (other than with respect to the Subject Defaults). Except as expressly provided herein, (i) nothing contained in this Amendment, or any other communication between or among the Borrower, the Loan Parties and the Agent and/or the Lenders, shall be construed to constitute a waiver by the Agent or the Lenders of any covenant or provision of the Agreement or other Loan Documents, this Amendment, or any other contract or instrument

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between the Borrower, the other Loan Parties, the Agent or the Lenders, and the failure of the Agent or the Lenders at any time prior to the date hereof or hereafter to require strict performance by the Borrower, the other Loan Parties, or any other Person of any provision thereof shall not waive, affect, or diminish any right of the Agent, the Required Lenders or any other Lender thereafter to demand strict compliance therewith or herewith, (ii) nothing contained in this Amendment shall directly or indirectly, in any way whatsoever, either (A) impair, prejudice, or otherwise adversely affect the Agent's or the Lender's right at any time to exercise any right, privilege, or remedy in connection with the Agreement and the other Loan Documents (other than with respect to the Subject Defaults) or (B) constitute any course of dealing or other basis for altering any obligation of the Borrower, the other Loan Parties or any other Person under the Agreement or any other Loan Document or any right, privilege, or remedy of the Agent, the Required Lenders or any other Lender under the Agreement or any other Loan Document and (iii) Agent and Lenders reserve the right, in their discretion, to exercise any or all of its or their rights and remedies arising under the Agreement or any other Loan Document, as a result of any Events of Default which may have occurred prior to the date hereof (other than the Subject Defaults), or are continuing on the date hereof (after giving effect to this Waiver), or any Event of Default which may occur after the date hereof. Although not a party hereto, the Agent shall be permitted to rely on this Section 1.

b) Amendment of Agreement. The Required Lenders hereby agree to the amendments to the Agreement set forth in this Amendment.

c) Amendment of Revolving Credit Agreement and Convertible Notes. The Required Lenders hereby consent and agree to the amendment to the Revolving Credit Agreement (and all amendments and waivers set forth therein) and the supplement to Convertible Notes Indenture (and all amendments and waivers set forth therein), in each case, executed on the date hereof (and delivered to the Lenders contemporaneously with the execution of this Amendment on the date hereof).

2. Amendments. Effective as of the Eleventh Amendment Effective Date, the Required Lenders, the Borrower, and each of the Guarantors hereby agree as follows:

(a) The following defined terms are added to Schedule 1.1(a) to the Agreement in the appropriate alphabetical order:

“Disclosure Restrictions” means none of the Loan Parties will be required to disclose, permit the inspection, examination or making copies or abstracts of, or discussion of, any document, information or other matter (i) that in their good faith judgment constitutes non-financial trade secrets or non-financial proprietary information, (ii) in respect of which in their good faith judgment disclosure is prohibited by any Legal Requirements or any binding agreement or (iii) that in their good faith judgment is subject to attorney client or similar privilege or constitutes attorney work product.

“Eleventh Amendment” means that certain Amendment No. 11 to Term Loan and Security Agreement and Waiver, dated as of February 7, 2020, among the Borrower, the Guarantors party thereto and the Lenders party thereto.

“Eleventh Amendment Effective Date” shall mean February 7, 2020, subject to the satisfaction of the conditions to effectiveness set forth in Section 3 of the Eleventh Amendment.

(b) Schedule 6.1 to the Agreement is hereby amended and restated in its entirety to

read in full as set forth on Schedule 6.1 hereto.

3. Conditions Precedent to Effectiveness of this Amendment. The effectiveness of this Amendment and the Waiver, are subject to the fulfillment, to the satisfaction of, or waiver by the Required Lenders of each of the following:

a) the Required Lenders and Agent shall have received this Amendment, duly executed by the Borrower, the Guarantors and the Required Lenders;

b) the Required Lenders shall have received an officer's certificate from an Authorized Person of the Borrower, in form and substance reasonably satisfactory to the Required Lenders, affirming that the conditions precedent (g) and (h) in Section 3 of this Amendment have been satisfied;

c) the Required Lenders shall have received evidence from the Borrower that the execution, delivery and performance of this Amendment by the Borrower and the Guarantors has been duly authorized by all necessary corporate action, including without limitation the approval of the Board of Directors or the Board of Managers of the Borrower and the Guarantors, as applicable;

d) the Borrower shall have received all consents and amendments under the Revolving Credit Agreement and the Convertible Notes Indenture necessary to permit this Amendment, each, duly executed and delivered by the parties thereto, and shall have delivered copies of the same to the Required Lenders;

e) the Borrower shall have received a waiver of all Existing Defaults (as defined in the Convertible Notes Forbearance Agreement (as defined in the Forbearance Agreement)) and all Potential Defaults (as defined in the Convertible Notes Forbearance Agreement (as defined in the Forbearance Agreement)), and shall have delivered a copy of the same to the Required Lenders;

f) the Borrower shall have received a waiver of all Existing Defaults (as defined in the ABL Forbearance Agreement (as defined in the Forbearance Agreement)) and all Potential Defaults (as defined in the ABL Forbearance Agreement (as defined in the Forbearance Agreement)), and shall have delivered a copy of the same to the Required Lenders;

g) after giving effect to this Amendment, no Default or Event of Default shall have occurred and be continuing on the date of such Eleventh Amendment Effective Date (after giving effect to the Waiver);

h) the representations and warranties of the Borrower and each other Loan Party or its Subsidiaries contained in the Agreement and in the other Loan Documents shall be true and correct in all material respects (except that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof) after giving effect to this Amendment, on and as of the date of the Eleventh Amendment Effective Date, as though made on and as of such date (except to the extent that such representations and warranties relate solely to an earlier date, in which case such representations and warranties shall continue to be true and correct as of such earlier date);

i) delivery to the Required Lenders of the following reports in final form to be filed by Borrower with the Securities and Exchange Commission immediately after the occurrence of the Eleventh Amendment Effective Date (collectively, the "Requisite SEC Reports"): (i) an

amended Annual Report on Form 10-K/A for the fiscal year ended December 31, 2018 (which shall include restated audited consolidated financial statements as of and for the years ended December 31, 2018 and 2017, as well as restated unaudited interim financial statements for the quarterly periods during 2018 and 2017, restated selected consolidated statement of operations data for the years ended December 31, 2016, 2015 and 2014, and restated selected consolidated balance sheet data and other financial data as of December 31, 2016, 2015 and 2014), (ii) an amended Quarterly Report on Form 10-Q/A for the quarterly period ended March 31, 2019, and (iii) Quarterly Reports on Form 10-Q for the quarterly periods ended June 30, 2019 and September 30, 2019; and

j) the Borrower shall have paid all costs and expenses of the Agent and the Lenders (i) incurred by or on behalf of the Agent or the Lenders (including reasonable attorneys' fees and expenses of Paul, Weiss, Rifkind, Wharton & Garrison LLP and Ropes & Gray LLP) arising under or in connection with the preparation, execution and delivery of this Amendment, and (ii) invoiced and outstanding on the date hereof.

For purposes of determining compliance with the conditions specified in this Amendment each Lender party to this Amendment shall be deemed to have consented to, approved or accepted or to be satisfied with each document or other matter required hereunder to be consented to or approved by or acceptable or satisfactory to the Lenders by the Eleventh Amendment Effective Date unless the Required Lenders shall have received written notice from such Lender prior to the Eleventh Amendment Effective Date specifying its objection thereto.

4. Termination of Forbearance Agreement. The Required Lenders, the Borrower, and each of the Guarantors hereby acknowledge and agree that the Forbearance Period (as defined in the Forbearance Agreement) and the Forbearance Agreement are, in each case, without need for further action by the Required Lenders or any other Person automatically terminated (other than any provisions therein which survive termination of such Forbearance Agreement) effective as of the Eleventh Amendment Effective Date.

5. Confirmation of Compliance with Section 15.1 of the Agreement. The Borrower and the Lenders party hereto hereby confirm that all of the actions required to be taken by the Lenders and the Borrower pursuant to Section 15.1 of the Agreement have been taken in accordance with the provisions of such Section. The Borrower confirms that this Amendment is permitted under the Agreement and is not prohibited by the terms of the Existing Intercreditor Agreement or the New Intercreditor Agreement or the Junior Documents (as defined in the Existing Intercreditor Agreement and the New Intercreditor Agreement).

6. Representations and Warranties. The Borrower and each of the other Loan Parties hereby represents and warrants that the execution and delivery of this Amendment and, after giving effect to this Amendment, the performance by each of them of their respective obligations under the Agreement, are within its powers, have been duly authorized, are not in contravention of applicable law or the terms of its operating agreement or other organizational documents and except as have been previously obtained, do not require the consent or approval of any governmental body, agency or authority, and that this Amendment and the Agreement (as amended hereby) will constitute the valid and binding obligations of the Borrower and each of the other Loan Parties, as applicable, enforceable in accordance with their terms, except as enforcement thereof may be limited by applicable bankruptcy, reorganization, insolvency, moratorium, fraudulent conveyance, ERISA or similar laws affecting the enforcement of creditors' rights generally and by general principles of equity (whether enforcement is sought in a proceeding in equity or at law).

7. Reference to and Effect on the Agreement. The Borrower and each of the other Loan Parties hereby reaffirms, confirms, ratifies, covenants, and agrees to be bound by each of its covenants, agreements, and obligations under the Agreement (as amended hereby), and each other Loan Document previously executed and delivered by it. Each reference in the Agreement to "this Agreement" or "the Loan Agreement" shall be deemed to refer to the Agreement after giving effect to this Amendment. This Amendment is a Loan Document.

8. Execution in Counterparts. This Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute but one and the same agreement. Delivery of an executed counterpart of a signature page to this Amendment by telecopier or electronic mail shall be effective as delivery of a manually executed counterpart of this Amendment.

9. Governing Law. This Amendment shall be a contract made under and governed by the laws of the State of New York without giving effect to its principles of conflicts of laws.

10. Guarantors Consent and Acknowledgement. The Guarantors, for value received, hereby consent to the Borrower's execution and delivery of this Amendment, the Waiver and the performance by the Borrower of its agreements and obligations hereunder. This Amendment and the performance or consummation of any transaction that may be contemplated under this Amendment (including, without limitation, the Waiver), shall not limit, restrict, extinguish or otherwise impair the Guarantors' liabilities and obligations to Agent and/or Lenders under the Loan Documents (including without limitation the Guaranteed Obligations). Each of the Guarantors acknowledges and agrees that (i) the Guaranty to which such Guarantor is a party remains in full force and effect and is fully enforceable against such Guarantor in accordance with its terms and (ii) it has no offsets, claims or defenses to or in connection with the Guaranteed Obligations, all of such offsets, claims and/or defenses are hereby waived.

11. Reaffirmation. In each case, except as modified by this Amendment, the Borrower and each of the Loan Parties hereby (i) acknowledges and agrees that all of its pledges, grants of security interests and Liens and other obligations under the Agreement and the other Loan Documents to which it is a party are reaffirmed and remain in full force and effect on a continuous basis, (ii) reaffirms (x) each Lien granted by it to the Agent for the benefit of the Secured Parties, and (y) the guarantees (including the Guaranty) made by it pursuant to the Agreement, and (iii) acknowledges and agrees that the grants of security interests and Liens by and the guarantees of the Guarantors contained in the Agreement and the other Loan Documents are, and shall remain, in full force and effect on and after the Eleventh Amendment Effective Date. Except as specifically modified herein, the Loan Documents and the Obligations are in all respects ratified and confirmed (*mutatis mutandis*) and shall remain in full force and effect in accordance with their terms.

12. Release. The Borrower and the other Loan Parties (collectively, the “Releasing Parties”) hereby release, acquit and forever discharge the Agent, the Lenders and their respective Lender-Related Persons and Lender Affiliates (collectively, the “Released Parties”) from and against any and all manner of actions, causes of action, suits, debts, controversies, damages, judgments, executions, claims (including, without limitation, crossclaims, counterclaims and rights of set-off and recoupment) and demands whatsoever, whether known or unknown, whether asserted or unasserted, in contract, tort, law or equity which any Releasing Party may have against any of the Released Parties by reason of any action, failure to act, matter or thing whatsoever arising from or based on facts occurring on or prior to the date hereof that relate to the Agreement, the other Loan Documents, this Amendment, the Waiver or the transactions contemplated thereby or hereby (except to the extent arising from the willful misconduct or gross negligence of any Released Parties), including but not limited to any such claim or defense to the extent that it relates to (a) any covenants, agreements, duties or obligations set forth in the Loan Documents or (b) any actions or omissions of any of the Released Parties in connection with the initiation or continuing exercise of any right or remedy contained in the Loan Documents or at law or in equity with respect to the Loan Documents.

13. Expenses. The Borrower and the other Loan Parties hereby acknowledge and agree that their obligations to pay the Expenses pursuant to Section 19.9 of the Agreement include, without limitation, all reasonable and documented out-of-pocket fees and disbursements of each of (a) Ropes & Gray LLP in its capacity as counsel to the Agent, and (b) Paul, Weiss, Rifkind, Wharton & Garrison LLP in its capacity as counsel to certain of the Lenders, in each case in connection with or as a result of or related to the execution and delivery, enforcement, performance, or administration (including any restructuring, forbearance or workout with respect thereto) of the Agreement, this Amendment, any of the other Loan Documents and the transactions related to the Loan Documents or the monitoring of compliance by the Borrower and each Loan Party and each of its Subsidiaries with the terms of the Loan Documents.

14. Agent Makes No Representation. The Agent makes no representation as to the validity, enforceability or sufficiency of this Amendment or the statements made in the recitals, all of which are statements of the Borrower and/or the Lenders, respectively.

15. Third Party Beneficiary. The Agent and the Agent-Related Parties shall be permitted to rely on (and shall be fully protected in relying on) this Amendment and shall be express third party beneficiaries of this Amendment.

16. New Event of Default. The Borrower and each of the other Loan Parties hereby covenants and agrees that failure to comply with any provision set forth in this Amendment shall constitute an immediate Event of Default without notice or grace.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed and delivered under seal as of the date first above written.

**BORROWER:**

**SAEXPLORATION HOLDINGS, INC.**

By: /s/ Michael J. Faust  
Name: Michael J. Faust  
Title: Chief Executive Officer and President

**GUARANTORS:**

**SAEXPLORATION, INC.**

By: /s/ Michael J. Faust  
Name: Michael J. Faust  
Title: Chief Executive Officer and President

**SAEXPLORATION SUB, INC.**

By: /s/ Michael J. Faust  
Name: Michael J. Faust  
Title: Chief Executive Officer

**NES, LLC**

By: /s/ Michael J. Faust  
Name: Michael J. Faust  
Title: Chief Executive Officer and President

**SAEXPLORATION SEISMIC SERVICES (US), LLC**

By: /s/ Michael J. Faust  
Name: Michael J. Faust  
Title: Chief Executive Officer and President

**LENDERS:**

**BLUE MOUNTAIN CREDIT ALTERNATIVES MASTER FUND  
L.P.**

By: /s/ David O'Mara  
Name: David O'Mara  
Title: Deputy General Counsel

**BLUEMOUNTAIN GUADALUPE PEAK FUND L.P.**

By: /s/ David O'Mara  
Name: David O'Mara  
Title: Deputy General Counsel

**BLUEMOUNTAIN KICKING HORSE FUND L.P.**

By: /s/ David O'Mara  
Name: David O'Mara  
Title: Deputy General Counsel

**BLUEMOUNTAIN MONTENVERS MASTER FUND SCA  
SICAV-SIF**

By: /s/ David O'Mara  
Name: David O'Mara  
Title: Deputy General Counsel

**BLUEMOUNTAIN SUMMIT TRADING L.P.**

By: /s/ David O'Mara  
Name: David O'Mara  
Title: Deputy General Counsel

**LENDERS:**

**WBOX 2015-7 LTD.**

By: /s/ Mark Strefling

Name: Mark Strefling

Title: Partner & CEO

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*[Signature Page to Amendment No. 7 to Third Amended and Restated Credit and Security Agreement and Waiver]*

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**LENDER:**

**JOHN PECORA**

/s/ John Pecora

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*[Signature Page to Amendment No. 11 to Term Loan and Security Agreement and Waiver]*

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## EXHIBIT A

All Defaults and Events of Default occurring on or before the Eleventh Amendment Effective Date and arising:

1. under Section 9.2 of the Agreement as a result of the failure to furnish:

(a) unaudited financial statements for each month occurring in 2015, 2016, 2017, 2018, and 2019, together with any applicable Compliance Certificates (whether such financial statements were not furnished in accordance with GAAP or were not furnished at all),

(b) unaudited financial statements for each of the fiscal quarters ended June 30, 2015 through the fiscal quarter ended September 30, 2019, together with any applicable Compliance Certificates (whether such financial statements were not furnished in accordance with GAAP or were not furnished at all),

(c) in accordance with GAAP, the audited financial statements for fiscal years ended December 31, 2014, 2015, 2016, 2017 and 2018, together with any applicable Compliance Certificates.

2. under Section 9.2 of the Agreement as a result of the failure to furnish the Borrower's Projections for the 2020 fiscal year on or before the date that is 30 days before the start of Borrower's 2020 fiscal year;

3. under Sections 9.2, 9.8, 9.11 and 9.12 of the Agreement, as a result of the facts and circumstances disclosed in the "Explanatory Note" included in each of the Requisite SEC Reports (the "Material Events");

4. under Sections 9.7(a), 9.7(c), 9.7(d) and 9.7(e) of the Agreement as a result of multiple events of default having occurred under the Convertible Notes Documents, the Revolving Credit Documents and the New Senior Notes Documents, in each case, which occurred as a result of or arose from the Material Events or which occurred as a result of any of the foregoing Defaults or Events of Default described on this Exhibit A; and

5. as a result of any delay by the Borrower in delivering its weekly 13-week cash flow forecast by 11 a.m. on each Wednesday during the forbearance period, as required by the Forbearance Agreement.

## THIRD SUPPLEMENTAL INDENTURE

This THIRD SUPPLEMENTAL INDENTURE (this “Supplemental Indenture”) dated as of February 7, 2020 is among SAExploration Holdings, Inc., a Delaware corporation (the “Issuer” or the “Company”), the Guarantors party hereto (together with the Issuer, the “Company Indenture Parties”), Wilmington Savings Fund Society, FSB, as Trustee (in such capacity, the “Trustee”), and as Collateral Trustee (in such capacity, the “Collateral Trustee”), and the Holders party hereto.

## WITNESSETH

WHEREAS, the Company, the Guarantors, the Trustee and the Collateral Trustee entered into a Senior Secured Convertible Notes Indenture dated as of September 26, 2018 (as heretofore amended, supplemented or otherwise modified, the “Indenture”), pursuant to which the Company issued 6.00% Senior Secured Convertible Notes due 2023;

WHEREAS, the Company has requested that the Required Holders (as defined in the Indenture) immediately prior to the Third Supplemental Indenture Effective Date (collectively, the “Required Holders”) (i) waive all of the Defaults and Events of Default set forth on Exhibit A attached hereto and made a part hereof (collectively, the “Subject Defaults”), and (ii) agree to amend the Indenture, in each case, as set forth in this Supplemental Indenture; and

WHEREAS, the Required Holders have agreed to the waiver and amendments described herein, in each case, in accordance with the terms and conditions set forth in this Supplemental Indenture.

NOW, THEREFORE, to comply with the provisions of the Indenture and in consideration of the above premises, the parties covenant and agree as follows:

Section 1. Capitalized Terms. Capitalized terms used herein without definition shall have the meanings ascribed to them in the Indenture.

Section 2. Relation to Indenture. This Supplemental Indenture is supplemental to the Indenture and does and shall be deemed to form a part of, and shall be construed in connection with and as part of, the Indenture for any and all purposes.

Section 3. Waiver and Amendments. Notwithstanding anything set forth in the Indenture, the other Indenture Documents, or that certain Forbearance Agreement dated as of September 23, 2019, among the Issuer, the Guarantors party thereto, and the Forbearing Holders (as defined therein) (as amended by Amendment No. 1 to Forbearance Agreement dated as of December 31, 2019, and as extended in accordance with Section 12 thereof, the “Forbearance Agreement”) to the contrary, subject to the satisfaction of each of the conditions precedent in Section 5 of this Supplemental Indenture, the Required Holders agree and consent to clauses (a) through (e) below, in each case, as follows:

- a) Waiver. The Required Holders hereby waive the Subject Defaults (collectively, the “Waiver”), provided, that for the avoidance of doubt neither the Waiver nor any other correspondence or any oral communications by the Trustee, the Collateral Trustee, the Required Holders or any other Holder shall be construed to constitute a waiver, modification or release of (i) any breach or other Defaults or Events of Default (other than the Subject Defaults), whether now existing or hereafter arising and whether or not identified in the Forbearance Agreement and whether or not the Trustee, the Collateral Trustee and/or any Holder may have any notice or information with respect thereto as of the date hereof or (ii) any of the Trustee’s, the Collateral Trustee’s, the Required Holders’

or any other Holders' rights, privileges or remedies under the Indenture, any other Indenture Documents or any other agreement, instrument or document, or any applicable law (other than with respect to the Subject Defaults). Except as expressly provided herein, (i) nothing contained in this Supplemental Indenture, or any other communication between or among the Issuer, the Company Indenture Parties and the Trustee, the Collateral Trustee and/or the Holders, shall be construed to constitute a waiver by the Trustee, the Collateral Trustee or the Holders of any covenant or provision of the Indenture or other Indenture Documents, this Supplemental Indenture, or any other contract or instrument between the Issuer, the other Company Indenture Parties, the Trustee, the Collateral Trustee or the Holders, and the failure of the Trustee, the Collateral Trustee or the Holders at any time prior to the date hereof or hereafter to require strict performance by the Issuer, the other Company Indenture Parties, or any other Person of any provision thereof shall not waive, affect, or diminish any right of the Trustee, the Collateral Trustee, the Required Holders or any other Holder thereafter to demand strict compliance therewith or herewith, (ii) nothing contained in this Supplemental Indenture shall directly or indirectly, in any way whatsoever, either (A) impair, prejudice, or otherwise adversely affect the Trustee's, the Collateral Trustee's or the Holder's right at any time to exercise any right, privilege, or remedy in connection with the Indenture and the other Indenture Documents (other than with respect to the Subject Defaults) or (B) constitute any course of dealing or other basis for altering any obligation of the Issuer, the other Company Indenture Parties or any other Person under the Indenture or any other Indenture Document or any right, privilege, or remedy of the Trustee, the Collateral Trustee, the Required Holders or any other Holder under the Indenture or any other Indenture Document and (iii) the Trustee, the Collateral Trustee and Holders reserve the right, in their discretion, to exercise any or all of its or their rights and remedies arising under the Indenture or any other Indenture Document, as a result of any Events of Default which may have occurred prior to the date hereof (other than the Subject Defaults), or are continuing on the date hereof (after giving effect to this Waiver), or any Event of Default which may occur after the date hereof.

- b) Amendment of Indenture. The Required Holders hereby agree to the amendments to the Indenture set forth in this Supplemental Indenture.
- c) Amendment of ABL Credit Agreement and Term Credit Agreement. The Required Holders hereby consent and agree to the amendment to the ABL Credit Agreement (and all amendments and waivers set forth therein) and the Term Credit Agreement (and all amendments and waivers set forth therein), in each case, executed on the date hereof (and delivered to the Trustee and the Required Holders contemporaneously with the execution of this Supplemental Indenture on the date hereof).
- d) New Event of Default. Failure to comply with any provision set forth in this Supplemental Indenture shall constitute an immediate Event of Default without notice or grace.
- e) Section 4.19 of Indenture. The Required Holders hereby agree that the Company Indenture Parties shall have until February 24, 2020, to furnish to the Collateral Trustee and the Trustee, the Officers' Certificate which would otherwise be required by Section 4.19 of the Indenture to have been furnished at least 30 days prior to first anniversary of the Issue Date.

Section 4. Amendment of Indenture. Effective as of the Third Supplemental Indenture Effective Date, the Required Holders, the Trustee and Collateral Trustee, the Company Indenture Parties hereby agree as follows:

a) The following defined terms are added to Section 1.01 to the Indenture in the appropriate alphabetical order:

“Disclosure Restrictions” means none of the Company Indenture Parties will be required to disclose, permit the inspection, examination or making copies or abstracts of, or discussion of, any document, information or other matter (i) that in their good faith judgment constitutes non-financial trade secrets or non-financial proprietary information, (ii) in respect of which in their good faith judgment disclosure is prohibited by any Legal Requirements or any binding agreement or (iii) that in their good faith judgment is subject to attorney client or similar privilege or constitutes attorney work product.

“Third Supplemental Indenture” means that certain Third Supplemental Indenture, dated as of February 7, 2020, among the Company, the Guarantors party thereto, the Holders party thereto, the Trustee and Collateral Trustee.

“Third Supplemental Indenture Effective Date” shall mean February 7, 2020, subject to the satisfaction of the conditions to effectiveness set forth in Section 5 of the Third Supplemental Indenture.

b) Section 4.06 (a) of the Indenture is hereby amended by (x) deleting “and” at the end of subsection (i) of Section 4.06(a), (y) replacing the period at the end of subsection (ii) of Subsection 4.06(a) with a semicolon, and (z) inserting the following new subsections (iii) and (iv) immediately after subsection (ii) of Section 4.06(a):

(iii) Subject to the Disclosure Restrictions, the Company Indenture Parties shall make their representatives and advisors available for conference calls to be conducted on a periodic basis as requested by the Required Holders if an Event of Default has occurred and is continuing, for the purpose of informing the Required Holders of the Company Indenture Parties’ liquidity, the on-going discussion of the development of the operating plan of the Company Indenture Parties’ management team, the status and progress of any restructuring negotiations and the status and progress of any diligence, negotiations, documentation related thereto; and

(iv) no later than 11:00 a.m. Houston time on Friday of each week from the Third Supplemental Indenture Effective Date through February 29, 2020: (a) a weekly 13-week cash flow forecast (each, a “Cash Flow Forecast”), substantially in the form of the Initial Cash Flow Forecast (as defined in the Forbearance Agreement) or otherwise in form reasonably acceptable to the Required Holders; and (b) a weekly variance report reconciling the prior week’s Cash Flow Forecast to the actual sources and uses of cash for the prior week, along with an explanation of material variances. Subject to the Disclosure Restrictions, the Company Indenture Parties shall also provide the Required Holders reasonable access to their management during normal business hours to discuss any variances, **provided, that all Cash Flow Forecasts and related reporting shall be clearly and conspicuously marked “CONFIDENTIAL” and shall not be distributed by the Trustee to any Holder unless such Holder expressly requests the same.**

Section 5. Conditions Precedent to Effectiveness of this Supplemental Indenture. The effectiveness of this Supplemental Indenture is subject to the fulfillment, to the satisfaction of, or waiver by the Trustee and Collateral Trustee (at the direction of the Required Holders) and the Required Holders of each of the following:

- a) the Trustee and Collateral Trustee shall have received this Supplemental Indenture, duly executed by the Issuer, the Guarantors, the Trustee, the Collateral Trustee, and the Required Holders;
- b) the Trustee and Collateral Trustee shall have received an officer's certificate from an Officer of the Company, in form and substance reasonably satisfactory to the Trustee and Collateral Trustee (the "Officer's Certificate"), affirming that the conditions precedent (g) and (h) in Section 5 of this Supplemental Indenture have been satisfied;
- c) the Trustee and Collateral Trustee shall have received evidence from the Issuer that the execution, delivery and performance of this Supplemental Indenture by the Issuer and the Guarantors has been duly authorized by all necessary corporate action, including without limitation the approval of the Board of Directors or the Board of Managers of the Issuer and the Guarantors, as applicable;
- d) the Issuer shall have received all consents and amendments under the ABL Credit Agreement and the Term Credit Agreement necessary to permit this Supplemental Indenture, each duly executed and delivered by the parties thereto, and shall have delivered copies of the same to the Trustee and Collateral Trustee;
- e) SAExploration, Inc. shall have received a waiver of all Existing Defaults (as defined in the ABL Forbearance Agreement (as defined in the Forbearance Agreement)) and all Potential Defaults (as defined in the ABL Forbearance Agreement (as defined in the Forbearance Agreement)), and shall have delivered a copy of the same to the Trustee and Collateral Trustee;
- f) SAExploration, Inc. shall have received a waiver of all Existing Defaults (as defined in the Term Loan Forbearance Agreement (as defined in the Forbearance Agreement)) and all Potential Defaults (as defined in the Term Loan Forbearance Agreement (as defined in the Forbearance Agreement)), and shall have delivered a copy of the same to the Trustee and Collateral Trustee;
- g) after giving effect to this Supplemental Indenture, no Default or Event of Default shall have occurred and be continuing on the date of such Third Supplemental Indenture Effective Date (after giving effect to the Waiver);
- h) the representations and warranties of the Company, each other Company Indenture Party and their respective Subsidiaries contained in the Indenture Documents shall be true and correct in all material respects (except that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof) after giving effect to this Supplemental Indenture, on and as of the date of the Third Supplemental Indenture Effective Date, as though made on and as of such date (except to the extent that such representations and warranties relate solely to an earlier date, in which case such representations and warranties shall continue to be true and correct as of such earlier date);

- i) delivery to the Trustee and Collateral Trustee of the following reports in final form to be filed by the Company with the Securities and Exchange Commission immediately after the occurrence of the Third Supplemental Indenture Effective Date (collectively, the “Requisite SEC Reports”): (i) an amended Annual Report on Form 10-K/A for the fiscal year ended December 31, 2018 (which shall include restated audited consolidated financial statements as of and for the years ended December 31, 2018 and 2017, as well as restated unaudited interim financial statements for the quarterly periods during 2018 and 2017, restated selected consolidated statement of operations data for the years ended December 31, 2016, 2015 and 2014, and restated selected consolidated balance sheet data and other financial data as of December 31, 2016, 2015 and 2014), (ii) an amended Quarterly Report on Form 10-Q/A for the quarterly period ended March 31, 2019, and (iii) Quarterly Reports on Form 10-Q for the quarterly periods ended June 30, 2019 and September 30, 2019; and
- j) the Company Indenture Parties shall have paid or caused to be paid all costs and expenses of the Trustee and Collateral Trustee (including reasonable attorney’s fees and expenses of Arnold & Porter Kaye Scholer LLP) and the Required Holders (including reasonable attorneys’ fees and expenses of Brown Rudnick LLP and Paul, Weiss, Rifkind, Wharton & Garrison LLP) (i) arising under or in connection with the preparation, execution and delivery of this Supplemental Indenture, and (ii) invoiced and outstanding on the date hereof.

For purposes of determining compliance with the conditions specified in this Supplemental Indenture each Holder party to this Supplemental Indenture shall be deemed to have consented to, approved or accepted or to be satisfied with each document or other matter required hereunder to be consented to or approved by or acceptable or satisfactory to the Holders by the Third Supplemental Indenture Effective Date unless an officer of the Trustee responsible for the transactions contemplated by this Supplemental Indenture shall have received written notice from such Holder prior to the Third Supplemental Indenture Effective Date specifying its objection thereto.

Section 6. Consent of Holders and Confirmation of Compliance with Section 13.02 of the Indenture. Pursuant to Section 13.02 of the Indenture, by its signature below, the Holders party hereto hereby consent, effective as of the date hereof, to the entry into this Supplemental Indenture by the Company, the Guarantors, the Trustee and the Collateral Trustee and to the amendments to the Indenture set forth in this Supplemental Indenture. The Issuer and the Holders party hereto hereby confirm that all of the actions required to be taken by the Holders and Issuer pursuant to Section 13.02 of the Indenture have been taken in accordance with the provisions of such Section. The Issuer confirms that entry into this Supplemental Indenture is permitted under the Indenture, and is not prohibited by the terms of the Intercreditor Agreement and the Junior Documents (as defined in the Intercreditor Agreement).

Section 7. Termination of Forbearance Agreement. The Required Holders, the Issuer and the Guarantors acknowledge and agree that the Forbearance Period (as defined in the Forbearance Agreement) and the Forbearance Agreement are, in each case, without need for further action by the Required Holders or any other Person, automatically terminated (other than any provisions therein which survive termination of such Forbearance Agreement) effective as of the Third Supplemental Indenture Effective Date.

Section 8. Representations and Warranties. Each of the Company Indenture Parties hereby represents and warrants that the execution and delivery of this Supplemental Indenture, after giving effect to this Supplemental Indenture, the performance by each of them of their respective obligations under the Indenture and the Supplemental Indenture are within its powers, have been duly authorized, are not in contravention of applicable law or the terms of its operating agreement or other organizational documents

and except as have been previously obtained, do not require the consent or approval of any governmental body, agency or authority, this Supplemental Indenture and the Indenture (as amended hereby) will constitute the valid and binding obligations of the Company Indenture Parties, as applicable, enforceable in accordance with their terms, except as enforcement thereof may be limited by applicable bankruptcy, reorganization, insolvency, moratorium, fraudulent conveyance, ERISA or similar laws affecting the enforcement of creditors' rights generally and by general principles of equity (whether enforcement is sought in a proceeding in equity or at law).

Section 9. Reference to and Effect on the Indenture. Each of the Company Indenture Parties hereby reaffirms, confirms, ratifies, covenants, and agrees to be bound by each of its covenants, agreements, and obligations under the Indenture (as amended hereby), and each other Indenture Document previously executed and delivered by it. Each reference in the Indenture to "this Indenture" or "the Indenture" shall be deemed to refer to the Indenture after giving effect to this Supplemental Indenture. This Supplemental Indenture is an Indenture Document.

Section 10. The Trustee and Collateral Trustee. Except as otherwise expressly provided herein, no duties, responsibilities or liabilities are assumed, or shall be construed to be assumed, by the Trustee or the Collateral Trustee by reason of this Supplemental Indenture. This Supplemental Indenture is executed and accepted by the Trustee and the Collateral Trustee subject to all the terms and conditions set forth in the Indenture with the same force and effect as if those terms and conditions were repeated at length herein and made applicable to the Trustee and the Collateral Trustee with respect hereto. Neither the Trustee nor the Collateral Trustee shall be responsible for the recitals contained herein, all of which recitals are made by the other parties to this Supplemental Indenture.

Section 11. Governing Law. This Supplemental Indenture shall be a contract made under and governed by the laws of the State of New York without giving effect to its principles of conflicts of laws.

Section 12. Counterparts. This Supplemental Indenture may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute but one and the same agreement. Delivery of an executed counterpart of a signature page to this Supplemental Indenture by telecopier or electronic mail shall be effective as delivery of a manually executed counterpart of this Supplemental Indenture.

Section 13. Guarantors Consent and Acknowledgement. The Guarantors, for value received, hereby consent to the Company's execution and delivery of this Supplemental Indenture and the performance by the Company of its agreements and obligations hereunder. This Supplemental Indenture and the performance or consummation of any transaction that may be contemplated under this Supplemental Indenture, shall not limit, restrict, extinguish or otherwise impair the Guarantors' liabilities and obligations to the Trustee, the Collateral Trustee and/or Holders under the Indenture Documents (including without limitation the Guaranteed Obligations). Each of the Guarantors acknowledges and agrees that (i) the Subsidiary Guarantee to which such Guarantor is a party remains in full force and effect and is fully enforceable against such Guarantor in accordance with its terms and (ii) it has no offsets, claims or defenses to or in connection with the Guaranteed Obligations, all of such offsets, claims and/or defenses are hereby waived.

Section 14. Reaffirmation. Except as expressly modified by this Supplemental Indenture each of the Company Indenture Parties hereby (i) acknowledges and agrees that all of its pledges, grants of securities interests and Liens and other obligations under the Indenture and the other Indenture Documents to which it is a party are reaffirmed and remain in full force and effect on a continuous basis, (ii) reaffirms (x) each Lien granted by it to the Collateral Trustee for the benefit of the Secured Parties, and (y) in the case of the Guarantors, the guarantees (including the Subsidiary Guarantee) made by it pursuant to the Indenture, and (iii) acknowledges and agrees that the grants of security interests and Liens by and the guarantees of the Guarantors contained in the Indenture and the other Indenture Documents are, and shall remain, in full force and effect on and after the Third Supplemental Indenture Effective Date. Except as specifically modified herein, the Indenture Documents and the Obligations are in all respects ratified and confirmed (*mutatis mutandis*) and shall remain in full force and effect in accordance with their terms.

Section 15. Release. The Company and the Company Indenture Parties (collectively, the “Releasing Parties”) hereby release, acquit and forever discharge the Trustee, the Collateral Trustee, the Holders and their respective investment advisors and Affiliates, and any of their and their investment advisors’ and Affiliates’ respective officers, directors, agents, employees, attorneys, consultants, or representatives, or any of the respective predecessors, successors or assigns of any of the foregoing (collectively, the “Released Parties”) from and against any and all manner of actions, causes of action, suits, debts, controversies, damages, judgments, executions, claims (including, without limitation, crossclaims, counterclaims and rights of set-off and recoupment) and demands whatsoever, whether known or unknown, whether asserted or unasserted, in contract, tort, law or equity which any Releasing Party may have against any of the Released Parties by reason of any action, failure to act, matter or thing whatsoever arising from or based on facts occurring on or prior to the date hereof that relate to the Indenture, the other Indenture Documents, this Supplemental Indenture, or the transactions contemplated thereby or hereby (except to the extent arising from the willful misconduct or gross negligence of any Released Parties), including but not limited to any such claim or defense to the extent that it relates to (a) any covenants, agreements, duties or obligations set forth in the Indenture Documents or, (b) any actions or omissions of any of the Released Parties in connection with the initiation or continuing exercise of any right or remedy contained in the Indenture Documents or at law or in equity with respect to the Indenture Documents.

Section 16. Expenses. The Company hereby acknowledges and agrees that its obligations to pay the costs and expenses pursuant to Section 5.1(c) of the Note Purchase Agreement include, without limitation, all reasonable and documented out-of-pocket fees and disbursements of each of (a) Brown Rudnick LLP in its capacity as counsel to certain of the Holders, and (b) Paul, Weiss, Rifkind, Wharton & Garrison LLP in its capacity as counsel to certain of the Holders, in each case in connection with or as a result of or related to the execution and delivery, enforcement, performance, or administration (including any restructuring, forbearance or workout with respect thereto) of the Indenture, this Supplemental Indenture, any of the other Indenture Documents and the transactions related to the Indenture Documents or the monitoring of compliance by the Company and each Company Indenture Party and each of its Subsidiaries with the terms of the Indenture Documents.

*[Signature Pages Follow]*

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be executed and delivered under seal, as of the date first above written.

**ISSUER:**

**SAEXPLORATION HOLDINGS, INC.**

By: /s/ Michael J. Faust  
Name: Michael J. Faust  
Title: Chief Executive Officer and President

**GUARANTORS:**

**SAEXPLORATION, INC.**

By: /s/ Michael J. Faust  
Name: Michael J. Faust  
Title: Chief Executive Officer and President

**SAEXPLORATION SUB, INC.**

By: /s/ Michael J. Faust  
Name: Michael J. Faust  
Title: Chief Executive Officer

**NES, LLC**

By: /s/ Michael J. Faust  
Name: Michael J. Faust  
Title: Chief Executive Officer and President

**SAEXPLORATION SEISMIC SERVICES (US), LLC**

By: /s/ Michael J. Faust  
Name: Michael J. Faust  
Title: Chief Executive Officer and President

**TRUSTEE AND COLLATERAL TRUSTEE:**

**WILMINGTON SAVINGS FUND SOCIETY, FSB,**  
as Trustee and Collateral Trustee

By: /s/ Geoffrey J. Lewis  
Name: Geoffrey J. Lewis  
Title: Vice President

**HOLDERS:**

**WHITEBOX ASYMMETRIC PARTNERS, L.P.**

By: /s/ Mark Strefling  
Name: Mark Strefling  
Title: Partner & CEO

**WHITEBOX MULTI-STRATEGY PARTNERS, L.P.**

By: Whitebox Advisors LLC its investment manager

By: /s/ Mark Strefling  
Name: Mark Strefling  
Title: Partner & CEO

**WHITEBOX CREDIT PARTNERS, L.P.**

By: Whitebox Advisors LLC its investment manager

By: /s/ Mark Strefling  
Name: Mark Strefling  
Title: Partner & CEO

**HOLDERS:**

**BLUE MOUNTAIN CREDIT ALTERNATIVES MASTER FUND L.P.**

By: /s/ David O'Mara  
Name: David O'Mara  
Title: Deputy General Counsel

**BLUEMOUNTAIN KICKING HORSE FUND L.P.**

By: /s/ David O'Mara  
Name: David O'Mara  
Title: Deputy General Counsel

**BLUEMOUNTAIN MONTENVERS MASTER FUND SCA SICAV-SIF**

By: /s/ David O'Mara  
Name: David O'Mara  
Title: Deputy General Counsel

**BLUEMOUNTAIN SUMMIT TRADING L.P.**

By: /s/ David O'Mara  
Name: David O'Mara  
Title: Deputy General Counsel

**HOLDERS:**

**HIGHBRIDGE MSF INTERNATIONAL LTD.  
(f/k/a 1992 MSF International Ltd.)**

By: Highbridge Capital Management, LLC as Trading Manager  
and not in its individual capacity

By: /s/ Jonathan Segal  
Name: Jonathan Segal  
Title: Managing Director

**HIGHBRIDGE TACTICAL CREDIT MASTER FUND, L.P.  
(f/k/a 1992 Tactical Credit Master Fund, L.P.)**

By: Highbridge Capital Management, LLC as Trading Manager  
and not in its individual capacity

By: /s/ Jonathan Segal  
Name: Jonathan Segal  
Title: Managing Director

**HOLDER:**

**JOHN PECORA**

/s/ John Pecora

## EXHIBIT A

All Defaults and Events of Default occurring on or before the Third Supplemental Indenture Effective Date and arising:

1. under Section 9.01(e)(ii) of the Indenture as a result of the failure to furnish:

(a) unaudited financial statements for each of the fiscal quarters ended June 30, 2015 through the fiscal quarter ended September 30, 2019, together with any applicable Officers' Certificates (whether such financial statements were not furnished in accordance with GAAP or were not furnished at all),

(b) in accordance with GAAP, the audited financial statements for fiscal years ended December 31, 2014, 2015, 2016, 2017 and 2018, together with any applicable Officers' Certificates;

2. under clauses (i), (ii), and (iv) of Section 9.01(e) of the Indenture, in each case, as a result of the facts and circumstances disclosed in the "Explanatory Note" included in each of the Requisite SEC Reports (the "Material Events");

3. under clauses (a), (b), (c) and (d) of Section 9.01(e)(ix) of the Indenture as a result of multiple events of default having occurred under the ABL Documents, the Term Documents and the Existing Senior Notes Indenture; in each case, (A) which occurred as a result of or arose from the Material Events, (B) which occurred as a result of any of the foregoing Defaults or Events of Default described on this Exhibit A, or (C) which are the subject of a written waiver under the ABL Credit Agreement and the Term Credit Agreement also being entered into on the Third Supplemental Indenture Effective Date;

4. as a result of any delay by the Company in delivering its weekly 13-week cash flow forecast by 11 a.m. on each Wednesday during the forbearance period, as required by the Forbearance Agreement; and

5. as a result of the failure by the Company Indenture Parties to comply with Section 4.19 of the Indenture.

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER  
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Michael Faust, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the period ended September 30, 2019 of SAExploration Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 7, 2020

/s/ Michael Faust

Michael Faust  
Chief Executive Officer and President  
(Principal Executive Officer)

**CERTIFICATION OF CHIEF FINANCIAL OFFICER  
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Kevin Hubbard, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the period ended September 30, 2019 of SAExploration Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 7, 2020

/s/ Kevin Hubbard

Kevin Hubbard

Interim Chief Financial Officer

(Principal Financial Officer and Principal Accounting Officer)

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the quarterly report of SAExploration Holdings, Inc. (the "Company") on Form 10-Q for the period ended September 30, 2019, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael Faust, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 7, 2020

/s/ Michael Faust

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Michael Faust  
Chief Executive Officer and President  
(Principal Executive Officer)

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the quarterly report of SAExploration Holdings, Inc. (the "Company") on Form 10-Q for the period ended September 30, 2019, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Kevin Hubbard, Interim Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 7, 2020

/s/ Kevin Hubbard

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Kevin Hubbard

Interim Chief Financial Officer

(Principal Financial Officer and Principal Accounting Officer)