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

FORM 10–K
☑ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2019

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

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, Suite 160
Houston, TX 77079
(Address of principal executive offices, including zip code)

(281) 258–4400
(Registrant’s telephone number, including area code)

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

Common Stock, $0.0001 Par Value
SAEX
(The NASDAQ Capital Market)

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well–known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☑

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☑

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 filings 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 ☐ Accelerated filer ☐
Non–accelerated filer ☑ Smaller reporting company ☒
Emerging growth company ☐

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 Act). Yes ☐ No ☑

As of June 28, 2019, the last business day of the registrant’s most recently completed second fiscal quarter, the aggregate market value of the registrant’s common stock held by non–affiliates was approximately $7.5 million.

As of April 6, 2020, the registrant has 4,436,292 shares of common stock, $0.0001 par value, outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Certain information required to be disclosed in Part III of this report is incorporated by reference from the registrant’s definitive proxy statement or an amendment to this report, which will be filed with the Securities and Exchange Commission not later than 120 days after the end of the fiscal year covered by this report.
# TABLE OF CONTENTS

## PART I

| Item 1 | Business | 3 |
| Item 1A | Risk Factors | 11 |
| Item 2 | Properties | 30 |
| Item 3 | Legal Proceedings | 30 |

## PART II

| Item 5 | Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities | 32 |
| Item 7 | Management’s Discussion and Analysis of Financial Condition and Results of Operations | 32 |
| Item 8 | Financial Statements and Supplementary Data | 39 |
| | Report of Independent Registered Public Accounting Firm | 39 |
| | Consolidated Balance Sheets | 40 |
| | Consolidated Statements of Operations | 41 |
| | Consolidated Statements of Comprehensive Loss | 42 |
| | Consolidated Statements of Changes in Stockholders' Deficit | 43 |
| | Consolidated Statements of Cash Flows | 44 |
| | Notes to Consolidated Financial Statements | 45 |
| Item 9A | Controls and Procedures | 76 |
| Item 9B | Other Information | 79 |

## PART III

| Item 10 | Directors, Executive Officers and Corporate Governance | 81 |
| Item 11 | Executive Compensation | 81 |
| Item 12 | Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters | 81 |
| Item 13 | Certain Relationships and Related Transactions, and Director Independence | 81 |
| Item 14 | Principal Accounting Fees and Services | 81 |

## PART IV

| Item 15 | Exhibits and Financial Statement Schedules | 82 |
| | Signatures | 90 |
CAUTIONARY NOTE REGARDING FORWARD–LOOKING STATEMENTS

This Annual Report on Form 10–K contains “forward–looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21F 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 Item 1A in this Annual Report on Form 10–K, may have a material adverse effect on our results as indicated in the following forward–looking statements. You should read this Annual Report on Form 10–K 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:

- our ability to identify, evaluate and complete any strategic alternative with respect to our capital structure;
- the impact of the announcement of our review of strategic alternatives on our business, including our financial and operating results, or our employees, suppliers and customers;
- substantial doubt about our ability to continue as a going concern as of December 31, 2019;
- the impact of the COVID–19 coronavirus pandemic on our business, financial condition and results of operations;
- fluctuations in the levels of exploration and development activity in the oil and natural gas industry;
- delays, reductions or cancellations of project awards and our ability to realize revenue projected in our backlog;
- continuing events of default outstanding under our debt instruments, including the risk that the holders of the debt take action to accelerate the maturity date of the applicable debt and exercise their other respective rights and remedies, such as foreclosure, among other things;
- risks arising from the holders of our debt taking other actions against us, including by seeking a bankruptcy filing;
- the potential need for us to seek bankruptcy protection;
- 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 Securities and Exchange Commission (the “SEC”), the Department of Justice (the “DOJ”) and the Alaska Department of Revenue (the “DOR”), with respect to the circumstances giving rise to the restatement of our previously issued consolidated financial statements, which could include sanctions or other actions against us and our officers and directors, civil lawsuits, and penalties;
- the outcome of our internal investigation of the circumstances giving rise to the restatement of our previously issued consolidated financial statements;
- developments with respect to the Alaskan oil and natural gas 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 purchase tax credit certificates and Alaska budget constraints driven primarily by oil prices;
- 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;
• 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 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.

The 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 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 Item 1A in this Annual Report on Form 10–K.

2
ITEM 1. BUSINESS

Overview

SAExploration Holdings, Inc. (together with its subsidiaries, “we”, “our” or “us”) is a publicly held Delaware corporation formed in 2011. Our common stock is traded on the NASDAQ Capital Market under the symbol “SAEX.” Our business activities are primarily conducted through wholly–owned subsidiaries, branch offices and variable interest entities (“VIEs”) in North America, South America, Asia Pacific and West Africa.

We are a full–service global provider of seismic data acquisition, logistical support and processing services to our customers in the oil and natural gas industry. In addition to 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, we offer a full–suite of logistical support and data processing and interpretation services utilizing our proprietary, patent–protected software. We operate crews around the world that are currently supported by over 160,000 owned land channels of seismic data acquisition equipment and other leased equipment as needed to complete particular projects. Seismic data is used by our customers, including major integrated oil companies, national oil companies and independent oil and gas exploration and production companies, to identify and analyze drilling prospects and maximize successful drilling. While the results of the seismic surveys we conduct generally belong to our customers and are proprietary in nature, Alaskan Seismic Ventures, LLC (“ASV”) currently maintains a multiclient seismic data library of approximately 440 square kilometers in certain basins in Alaska which is available for future sale or license.

We specialize in the acquisition of seismic data in logistically complex and challenging environments and delicate ecosystems, including jungle, mountain, arctic and subaquaic terrains. We have extensive experience in deploying personnel and equipment in remote locations, while maintaining a strong quality, health, safety and environmental (“QHSE”) track record and building positive community relations in the locations where we operate. We employ highly specialized crews made up of personnel with the training and skills required to prepare for and execute each project and, over time, train and employ large numbers of people from the local communities where we conduct our surveys. Our personnel are equipped with the technology necessary to meet the specific needs of the particular project and to manage the challenges presented by sensitive environments.

As of December 31, 2019, we had approximately $203.1 million of backlog under contract, in addition to approximately $348.6 million of bids outstanding. Of the $203.1 million of backlog under contract, we expect $127.1 million to be completed in 2020. Our backlog estimates represent those projects for which a customer has executed a contract or signed a binding letter of award. Our backlog can vary significantly from time to time, particularly if the backlog is made up of multi–year contracts with some of our more significant customers. Because of potential changes in the scope or schedule of our customers’ projects, and the possibility of early termination of customer contracts, we cannot predict with certainty when or if our backlog will be realized. Material modifications, delays, payment defaults or cancellations on the underlying contracts (including those modifications, delays, defaults and cancellations relating to the COVID–19 coronavirus pandemic) could reduce the amount of backlog currently reported and, consequently, could inhibit the conversion of that backlog into revenues. Due to the significant uncertainty in the outlook for oil and natural gas development as a result of the recent significant decline in oil prices since the beginning of 2020 due in part to failed OPEC negotiations and to concerns about the COVID–19 coronavirus pandemic and its impact on the worldwide economy and global demand for oil, certain of our scheduled and anticipated projects have recently been cancelled or delayed and there is no assurance as to when they may be reinitiated or awarded, if at all. We are unable to predict when market conditions may improve and worsening overall market conditions could result in reductions of backlog and bids outstanding, which will impact our financial performance.

In addition, since February 2020, we have been engaged in discussions with the holders of the indebtedness outstanding under our credit facility, senior loan facility and 6% Senior Secured Convertible Notes due 2023 (the “2023 Notes”) to extend the January 2021 maturity date of our senior loan facility. The COVID–19 coronavirus pandemic has delayed the determination by certain debt holders as to whether to extend the maturity date of our senior loan facility, as such debt holders require additional analysis and information to make that determination due to the circumstances related to the COVID–19 coronavirus pandemic.
Our management continues to: (i) discuss with our debt holders an extension of the maturity date of the senior loan facility and waivers of the events of default due to the inclusion of an explanatory paragraph raising substantial doubt about our ability to continue as a going concern in the report of our independent registered public accounting firm on our financial statements included in this Annual Report on Form 10–K; (ii) seek to obtain additional financing through the issuance of debt or equity securities; and (iii) manage operating costs by actively pursuing cost cutting measures to maximize liquidity consistent with current industry market expectations. To assist us in managing our operating costs, our Board of Directors has reduced its cash compensation by 10%, effective beginning with the second quarter of 2020, until further notice.

As a result of the foregoing and other factors discussed in “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources,” we have initiated a process to analyze and evaluate various strategic alternatives to address our capital structure and to position us for future success. To assist us in analyzing and evaluating these alternatives, we have retained Imperial Capital, LLC as our financial advisor. We do not intend to disclose or comment on developments related to our review until such time as we have determined that further disclosure is necessary or appropriate. There can be no assurance that our analysis and evaluation will result in the identification or completion of any strategic alternative, or any assurance as to its outcome or timing.

Our principal headquarters are located at 1160 Dairy Ashford Rd., Suite 160, Houston, Texas, 77079. Our telephone number is (281) 258–4400, and our web address is www.saexploration.com. Please note that our website address is provided as an inactive textual reference only. The information provided on our website is not part of this Annual Report on Form 10–K and is therefore not incorporated by reference unless such information is specifically referenced elsewhere in this Annual Report on Form 10–K.

Industry Overview

Seismic technology is the primary tool used to locate oil and natural gas reserves, and it facilitates the development of complex reservoirs. Seismic data is used to pinpoint and determine the locations of subsurface features favorable for the accumulation of hydrocarbons, as well as define the make-up of the sedimentary rock layers and their corresponding fluids. Seismic data is acquired by introducing acoustic energy into the earth and water through controlled energy sources. Seismic energy sources can consist of truck-mounted vibration equipment in accessible terrain, explosives such as dynamite in more difficult terrain, or vessel-mounted air guns in shallow water and certain marsh environments. The sound waves created by explosives or vibration equipment are reflected back to the surface and collected by seismic sensors referred to as “geophones” or “hydrophones,” which measure ground and water displacement. A typical project involves the use of thousands, and sometimes tens of thousands, of channels recording simultaneously over the survey area. In general, the higher the number of recording channels employed in a given survey, the richer the data set that is produced.

A seismic survey is acquired with a surface geometry grid of seismic energy sources and receivers extending over very large areas. The size of this grid varies with and depends on the size, depth and geophysical characteristics of the target to be imaged. The lines must be accurately positioned, so the location of each source and receiver point is obtained using either GPS, inertial, or conventional optical survey methods depending upon the vegetation and environment in the prospect area. Seismic receivers are deployed on the surface of the area being surveyed at regular intervals and patterns to measure and transmit reflected seismic energy to a set of specialized recording instruments.

Two-dimensional, or 2D, seismic data is recorded using single lines of receivers crossing the earth’s surface, and, once processed, results in only a profile image of the earth, and the data is generally used only to identify gross structural features. Prior to 1980, all seismic data acquired was 2D, and 2D surveys are still widely employed in locations previously unexplored by exploration and production (“E&P”) companies to provide preliminary data for broad-scale exploration evaluation. Three-dimensional, or 3D, seismic data surveys have proven more effective in providing detailed views of subsurface structures.

The increased use of 3D seismic data by the oil and natural gas industry in the 1980s helped drive significant increases in drilling success rates as better data quality allowed operators to optimize well locations and results. Today, the vast majority of seismic data acquired in North America is 3D, of which high density 3D is a growing component.
More recently, the seismic industry has seen the development of four-dimensional, or 4D, imaging technology, also known as time-lapse seismic. 4D seismic data incorporates numerous 3D seismic surveys over the same reservoir at specified intervals of time and can help determine changes in flow, pressure and saturation. As hydrocarbons are depleted from a field, the pressure and composition of the fluids may change. By scanning a reservoir over a given period of time, the flow of the hydrocarbons within can be traced and better understood. In addition, 4D seismic data can help geologists understand how a reservoir reacts to gas injection or water flooding and can help locate untapped pockets of oil or natural gas within the reservoir.

Once seismic data is acquired, complex mathematical algorithms are used to transform the data into 2D profiles, 3D volumes of the earth’s subsurface or 4D time-lapse seismic data. These images are then interpreted by geophysicists and geologists for use by oil and natural gas companies in evaluating prospective areas, designing drilling programs, selecting drilling sites and managing producing reservoirs.

Our Business

Seismic Data Acquisition Services

We provide a full range of seismic data acquisition services, including in-field data processing, and related logistics services. We currently provide our services on a proprietary basis to our customers and the seismic data acquired is owned by our customers once acquired, other than the multiclient seismic data library maintained by ASV. Our seismic data acquisition and logistics services include the following:

Program Design, Planning and Permitting. A seismic survey is initiated at the time the customer requests a proposal to acquire seismic data on its behalf. We employ an experienced design team, including geophysicists with extensive experience in 2D, 3D, time-lapse 4D, and multi-component survey design, to recommend acquisition parameters and technologies to best meet the customer’s exploration objectives. Our design team analyzes the request and works with the customer to put an operational, personnel and capital resource plan in place to execute the project.

Once a seismic program is designed, we may assist the customer in obtaining the necessary permits from governmental authorities and access rights of way from surface and mineral estate owners or lessees where the survey is to be conducted. It is usually our permitting crew that is first to engage with the local residents and authorities. We believe our knowledge of the local environment, cultural norms and excellent QHSE track record enable us to engender trust and goodwill with the local communities, which our customers are able to leverage over the longer exploration cycle in the area.

Camp Services. We have developed efficient processes for assembling, operating and disassembling field camps in challenging and remote project locations. We operate our camps to ensure the safety, comfort and productivity of the team working on each project and to minimize our environmental impact through the use of wastewater treatment, trash management, water purification, generators with full noise isolation and recycling areas.

In areas like South America and the Asia Pacific, logistical support needs to be in place to establish supply lines for remote jungle camps. To ensure the quality of services delivered to these remote camps, we own supply and personnel river vessels to gain access to remote jungle areas. We also have jungle camps and a series of fly camps that act as advance camps from the main project camp. Each of these jungle base camps contains a full-service medical facility complete with doctors and nurses in the remote chance any potential injuries need to be stabilized for medical transport. The camps are equipped with full meal kitchens held to high standards of cleanliness, sleeping and recreational quarters, power supply, communications links, air support, water purification systems, black water purification systems, offices, repair garages, fuel storage and many more support services.

Survey and Drilling. In a typical seismic recording program, the first two stages of the program are survey/line clearing and drilling. Once the permitting is completed, our survey/line clearing crews enter the project areas and begin establishing the source and receiver placements in accordance with the survey design agreed to by the customer. The survey/line clearing crews lay out the line locations to be recorded and, if explosives are being used, identifies the sites for shot-hole placement. The drilling crews create the holes for the explosive charges that produce the necessary acoustical impulse.
The surveying and drilling crews are usually employed by us but may be third party contractors depending on the nature of the project and its location. Generally, the choice of whether to subcontract out services depends on the expertise available in a certain region and whether that expertise is more efficiently obtained through subcontractors or by using our own labor force. For the most part, the surveying and drilling crews in North America are typically provided by third party contractors but are supervised by our personnel. In South America and the Asia Pacific, we perform our own surveying and drilling, which is supported by up to 200 drilling units, including people–portable, low impact self–propelled walk behind, track–driven and heli–portable deployed drilling rigs. Our senior drilling staff has a combined work experience of over 50 years in some of the most challenging environments in the world. On most programs there are multiple survey and drilling crews that work at a coordinated pace to remain ahead of the data recording crews. When subcontractors are used, we manage them and require that they comply with our work policies and QHSE objectives.

**Recording.** We use equipment capable of collecting 2D, 3D, time–lapse 4D and multi–component seismic data. We utilize vibrator energy sources or explosives depending on the nature of the program and measure the reflected signals with strategically placed sensors. For land applications, receivers may be buried, or partially buried, to ensure good coupling with the surface and to reduce wind noise. The acoustic source for land seismic data acquisition is typically a fleet of vibrators but may also be explosives detonated in holes drilled for such purposes.

In marine surveys, air guns, which release high–pressure compressed air into the water column, are used as the acoustic energy source. For ocean bottom nodal operations, a self–contained assembly of geophones and hydrophones is deployed on the sea floor to record seismic data. Ocean bottom nodes positioned by remote operated vehicles are used in areas of obstructions (such as production platforms) or shallow water inaccessible to ships towing seismic streamers (such as submerged cables).

In the transition zone area where land and water come together, elements of both land data acquisition and offshore data acquisition are employed. Transition zone seismic data acquisition is similar to ocean bottom nodal applications in that both hydrophones and geophones are lowered to the ocean floor. However, due to the shallow water depths, only small vessels and manual labor can be used to deploy and retrieve the nodes. Additionally, the source vessels and acoustic source arrays must be configured to run in shallow water. In transition zone areas consisting of swamps and marshes, explosives and vibrators must be used as an acoustic source in addition to air guns.

**Reclamation.** We have experienced teams responsible for reclamation of the areas where work has been performed so as to minimize the environmental footprint from the seismic program. These programs can include reforestation or other activities to restore the natural landscape at our worksites.

**In–field Data Processing.** Our knowledgeable and experienced team provides our customers with superior quality in–field data processing. We believe that our strict quality control processes meet or surpass industry–established standards, including identifying and analyzing ambient noise, evaluating field parameters and employing obstacle–recovery strategies. Using the latest technology, our technical and field teams electronically manage customer data from the field to the processing office, minimizing time between field production and processing. All the steps employed in our in–field data processing sequence are tailored to the particular customer project and objectives.

We currently have available over 160,000 owned land seismic recording channels with the ability to access additional equipment, as needed, through rental or long–term leasing sources. All our systems record equivalent seismic information but vary in the manner by which seismic data is transferred to the central recording unit, as well as their operational flexibility and channel count expandability.

Historically, we have made significant capital investments to increase the recording capacity of our crews by increasing channel count and the number of energy source units we operate. This increase in channel count demand is driven by customer needs and is necessary in order to produce higher resolution images, increase crew efficiencies and undertake larger scale projects. In response to project–based channel requirements, we routinely deploy a variable number of channels with a variable number of crews in an effort to maximize asset utilization and meet customer needs. When recording equipment is at or near full utilization, we utilize rental equipment from strategic suppliers to augment our existing inventories. We believe we will realize the benefit of increased channel counts and flexibility of deployment through increased crew efficiencies, higher revenues and increased margins.
Historically, we have also dedicated a significant portion of our capital investment to purchasing and leasing wireless recording systems rather than the traditional wired systems. The wireless recording systems allow us to gain further efficiencies in data recording and provide greater flexibility in the complex environments in which we operate. In addition, we have realized increased crew efficiencies and lessened the environmental impact of our seismic programs due to the wireless recording systems because they require the presence of fewer personnel and less equipment in the field. We believe we will experience continued demand for wireless recording systems in the future.

We also utilize multi–component recording equipment on certain projects to further enhance the quality of data acquired and help our customers enhance their development of producing reservoirs. Multi–component recording involves the collection of different seismic waves, including shear waves, which aids in reservoir analysis such as fracture orientation and intensity in shales and allows for more descriptive rock properties.

**Seismic Data Processing Services**

We provide a full suite of onshore and offshore proprietary seismic data processing services. Seismic data are processed to produce an accurate image of the earth’s subsurface using proprietary computer software and internally developed technologies. Advanced signal processing of 2D, 3D, time–lapse 4D and multi–component seismic data acquired by us and other industry contractors, as well as reprocessing of previously acquired legacy data, provides our clients with detailed subsurface information essential to reducing risk in their E&P activities.

**Multiclient Seismic Data Library**

ASV currently maintains a multiclient seismic data library of approximately 440 square kilometers of certain basins in Alaska which is available for future sale or license.

**Markets and Trends**

**North America**

While the last several years have seen a decline in demand, the North American market has historically been a stable and sustainable market for 3D seismic data acquisition. Use of 3D technology is the norm in the United States and Canada as international oil companies seek to maximize the efficiency of their reservoirs and reduce exploration risk. Our operations in the North American market are consistent with our strategy to help increase our equipment utilization rates, while concurrently increasing margins, by balancing growth in North and South America, which have complementary operating seasons. See “Update for 2020” below for a recent update on our markets and trends.

**South America**

The economies in South American countries continue to expand and develop, demanding significantly more energy to fuel their growth. As the political environments stabilize, oil companies are increasing operations in the market and are seeking experienced seismic service providers with complex environment know–how, strong QHSE records and excellent relations with local communities to satisfy their exploration needs.

We have maintained operations in South America since 2006 while further growing our presence in Bolivia, Brazil, Colombia, and Peru. Although the global oil and natural gas industry downturn significantly impacted exploration activity in South America, particularly during 2019 and 2018, Brazil is projected to show strong growth in the marine–based market. While some improvements in the level of customer interest can be seen by an increase in inquiries and subsequent tenders, no assurance can be given that this will result in increased activity or that future decreases in activity will not occur again. See “Update for 2020” below for a recent update on our markets and trends.

**Asia Pacific**

Exploration activities in Asia Pacific have declined recently with lower commodity prices but there is a steady demand for energy in the region. We expect the Asia Pacific market to continue to be a predominantly marine–based market in the current commodity price environment. This trend is expected to continue as long as customers remain hesitant to commit capital to large onshore projects that are more exploration driven. See “Update for 2020” below for a recent update on our markets and trends.
West Africa

Historically, West Africa has presented numerous offshore marine opportunities. More recently, offshore marine seismic activity has been increasing in certain West African countries. These projects are more focused on production–enhancement initiatives than new exploration. Despite the current macro–economic instability related to the oil and natural gas industry downturn, we expect overall offshore marine seismic activity to continue to improve in the near to medium–term future. See “Update for 2020” below for a recent update on our markets and trends.

Update for 2020

Our project visibility has recently deteriorated due to the significant uncertainty in the outlook for oil and natural gas development as a result of the recent significant decline in oil prices since the beginning of 2020 due in part to failed OPEC negotiations and to concerns about the COVID–19 coronavirus pandemic and its impact on the worldwide economy and global demand for oil. We are unable to predict when market conditions may improve.

Seasonal Variation in Business

Seismic data acquisition services are performed outdoors and, consequently, are subject to weather and seasonality. In Alaska and Canada, the primary season for seismic data acquisition is during the winter since much of the terrain for seismic data acquisition cannot be accessed until the ground has frozen. The weather conditions during this time of year can affect the timing and efficiency of operations. In addition, this prime season can be shortened by warmer weather conditions.

In South America and the Asia Pacific, our operations are affected by the periods of heavy rain in the areas where seismic operations are conducted. Specifically, the jungle areas in South America are affected by heavy rain during certain parts of the year so we must either avoid taking projects during these time periods or limit the weather risk in a particular customer contract. Many of the heavy rain periods in South America, though, are during the high season for Alaska and Canada, and there are opportunities to maximize the utilization of equipment and personnel by moving them between these regions to take advantage of the different high seasons.

In all areas of operation, the weather is an uncontrollable factor that affects our operations at various times of the year. We try to minimize these risks during the bidding process by utilizing the expertise of our personnel as to the weather in a particular area and through the negotiation of downtime clauses in our contracts with our customers. Due to the unpredictability of weather conditions, there may be times when adverse conditions substantially affect our operations and the financial results of a particular project may be impacted.

Marketing

Our services are marketed from our various offices around the world. We have a corporate business development and marketing staff and also have local managers who interact with customers in each country of operations. Through these customer interactions, we are able to remain updated on a customer’s upcoming projects in the area and to work with the customer on projects in other countries.

Contracts are obtained primarily through competitive bidding. Most of our revenue historically has been generated through repeat customer sales and new sales to customers referred by existing and past customers. In addition, a significant portion of our engagements results from competitive bidding. Contracts are awarded primarily on the basis of price, experience, availability, technological expertise and reputation for dependability and safety. With the involvement and review of senior management, bids are prepared by knowledgeable regional operations managers who understand their respective markets, customers and operating conditions and who communicate directly with existing and target customers during the bid preparation process.

We also work closely with customers to plan particular seismic data acquisition projects. Due to the complexity of the areas where we do business, these projects can take a number of months in planning and consulting with the customer on exploration goals and parameters of the projects to fit within a particular budget. By working closely with the customer, we are able to acquire seismic data for a project efficiently and within the customer’s required timeframe.

8
Contracts

We conduct our services under master service agreements with our customers that set forth certain obligations of our customers and us. A supplemental agreement setting forth the terms of a specific project, which may be canceled by either party on short notice, is entered into for every project. The supplemental agreements are either “turnkey” agreements that provide for a fixed fee to be paid to us for each unit of data acquired or processed, or “term” agreements that provide for a fixed hourly, daily or monthly fee during the term of the project. While turnkey agreements generally mean more profit potential but involve more risks due to potential crew downtimes or operational delays, term agreements generally mean less profit potential but involve less risks due to improved protection from crew downtime or operational delays.

Our contracts for proprietary seismic data acquisition services reflect a high proportion of turnkey contracts, which is preferred by our customers because it shifts much of the business interruption risk onto us; however, it provides us with the greatest opportunity to maximize the advantage we have from being a full-service provider and the operational efficiencies created by our vertical integration. We attempt to negotiate on a project-by-project basis some level of weather downtime protection within the turnkey agreements and increasingly use hybrid contracts where we may share with our customers a certain degree of the risks for certain business interruptions, such as weather, community relations and permitting delays, that are outside of our control.

Principal Customers

Our customers include both national and international oil and natural gas companies and independent oil and natural gas companies. Our revenues are derived from a concentrated customer base; however, we are not substantially dependent on any one customer. Based on the nature of our contracts and customer projects, our significant customers can and typically do change from year to year and the largest customers in any one year may not be indicative of the largest customers in the future.

In 2019, we had three customers, Oil and Natural Gas Company Ltd., TGS–NOPEC Geophysical Company and BP Exploration (Alaska) Inc., that individually exceeded 10% of our consolidated revenue from services. In 2018, we had three customers, TGS–NOPEC Geophysical Company, ConocoPhillips Alaska, Inc. and Hocol Petroleum Limited, that individually exceeded 10% of our consolidated revenue from services.

Competition

The acquisition and processing of seismic data for the oil and natural gas industry is a highly competitive business. Factors such as price, experience, asset availability and capacity, technological expertise and reputation for dependability and safety of a crew significantly affect a potential customer’s decision to award a contract to us or one of our competitors. In addition, the recent excess supply and downturn in commodity prices has decreased demand for seismic services, further intensifying the competitive landscape and causing further pressure on pricing and margins.

Our competitors include much larger companies with greater financial resources, more available equipment and more crews, as well as companies of comparable and smaller sizes. In our land operations, our primary competitors are BGP, Inc. and Dawson Geophysical Company. In our marine operations, our primary competitors are MagSeis Fairfield and Seabed Geosolutions. In addition to those companies, we also compete for projects from time to time with smaller seismic companies that operate in local markets. As the barriers to entry in the seismic industry are not prohibitive, it is not difficult for seismic companies outside of the U.S. to enter the domestic market and compete with us.

Intellectual Property

We rely on certain proprietary information, proprietary software, trade secrets and confidentiality and licensing agreements to conduct our operations. We continually strive to improve our operating techniques and technologies, through internal development activities and working with vendors to develop new processes and technologies to maintain pace with industry innovation. Through this process, we have developed certain proprietary processes and methods of doing business, particularly with respect to logistics. Although those processes and methods may not be patentable, we seek to protect our proprietary information by entering into confidentiality agreements with our key managers and customers.
Government and Environmental Regulations

Our operations are subject to various international, federal, provincial, state and local laws and regulations. Those laws and regulations govern various aspects of operations, including the discharge of explosive materials into the environment, requiring the removal and cleanup of materials that may harm the environment or otherwise relating to the protection of the environment and access to private and governmental land to conduct seismic surveys. We believe we have conducted our operations in material compliance with applicable laws and regulations governing our activities.

The costs of acquiring permits and remaining in compliance with environmental laws and regulations, title research, environmental studies and surveys are generally borne by our customers. Although our direct costs of complying with applicable laws and regulations have historically not been material, the changing nature of such laws and regulations makes it impossible to predict the cost or impact of such laws and regulations on future operations. Additional U.S. or foreign government laws or regulations would likely increase the compliance and insurance costs associated with our customers’ operations. Significant increases in compliance expenses for customers could have a material adverse effect on customers’ operating results and cash flows, which could also negatively impact the demand for our services.

Employees

As of December 31, 2019, we had 981 employees, 385 of whom were located in the United States. From time to time and on an as-needed basis, we supplement our regular workforce with individuals that we hire temporarily or as independent contractors in order to meet certain business needs. Our U.S. employees are not represented by any collective bargaining agreement, and we believe that our employee relations are good.

Available Information

Our annual reports on Form 10–K, quarterly reports on Form 10–Q and current reports on Form 8–K are made available free of charge on our website at www.saexploration.com as soon as reasonably practicable after these reports have been filed with the SEC. These documents are also available on the SEC’s website at www.sec.gov. Please note that our website address is provided as an inactive textual reference only. The information provided on our website is not part of this Annual Report on Form 10–K and is therefore not incorporated by reference unless such information is specifically referenced elsewhere in this Annual Report on Form 10–K.
ITEM 1A. RISK FACTORS

You should consider and read carefully all the risks and uncertainties described below, together with all the other information contained in this Annual Report on Form 10–K, including the consolidated financial statements and the related notes appearing at the end of this Annual Report on Form 10–K. If any of the following risks actually occur, our business, business prospects, stock price, financial condition, results of operations or cash flows could be materially adversely affected. The risks below are not the only ones facing our company. Additional risks not currently known to us or that we currently deem immaterial may also have a material adverse effect on us. This Annual Report on Form 10–K also contains forward–looking statements, estimates and projections that involve risks and uncertainties. Our actual results could differ materially from those anticipated in the forward–looking statements as a result of specific factors, including the risks described below.

Risks Relating to Our Business

We are analyzing and evaluating strategic alternatives to address our capital structure and there can be no assurance that we will be successful in identifying, undertaking or completing any strategic alternative, that any such strategic alternative will address our capital structure and not have a negative impact on our securityholders or that the process will not have an adverse impact on our business.

We have initiated a process to analyze and evaluate various strategic alternatives to address our capital structure and to position us for future success. The process of reviewing strategic alternatives may be time consuming and disruptive to our business operations and, if we are unable to effectively manage the process, our business, financial condition and results of operations could be adversely affected. We could incur substantial expenses associated with identifying and evaluating potential strategic alternatives. No decision has been made with respect to any strategic alternative and we cannot assure you that we will be able to identify, undertake and complete any strategic alternative that will address our capital structure and not have a negative impact on our securityholders or provide any guidance on the timing of such action, if any.

Any potential strategic alternative would be dependent upon a number of factors that may be beyond our control. We do not intend to comment regarding the evaluation of strategic alternatives until such time as we have determined that further disclosure is necessary or appropriate. As a consequence, perceived uncertainties related to our future may result in the loss of potential business opportunities and may make it more difficult for us to attract and retain qualified personnel and business partners.

Although our consolidated financial statements have been prepared on a going concern basis, our management believes that our recurring losses, negative cash flows from operating activities, stockholders’ deficit and other factors, including the recent significant decline in oil prices since the beginning of 2020 due in part to failed OPEC negotiations and to concerns about the COVID–19 coronavirus pandemic and its impact on the worldwide economy and global demand for oil and our inability to negotiate an extension of the maturity date for our senior loan facility, have raised substantial doubt about our ability to continue as a going concern.

Our audited consolidated financial statements for the year ended December 31, 2019 have been prepared on a going concern basis in accordance with generally accepted accounting principles in the United States. The going concern basis assumes that we will continue in operation for the next 12 months and will be able to realize our assets and discharge our liabilities and commitments in the normal course of business. Thus, our consolidated financial statements do not include any adjustments that might be necessary if we are unable to continue as a going concern.

Our recurring losses, negative cash flows from operating activities, stockholders’ deficit, need for additional financing and the uncertainties surrounding our ability to obtain such financing, raise substantial doubt about our ability to continue as a going concern. We anticipate negative cash flows from operating activities to continue for the foreseeable future due to, among other things, the significant uncertainty in the outlook for oil and natural gas development as a result of the recent significant decline in oil prices since the beginning of 2020 due in part to failed OPEC negotiations and to concerns about the COVID–19 coronavirus pandemic and its impact on the worldwide economy and global demand for oil. We were recently notified that contracts to acquire seismic data offshore West Africa, valued at approximately $42 million, were terminated by the operator presumably due to uncertainty on government restrictions on operations during the COVID–19 coronavirus pandemic. In addition, other scheduled and anticipated projects have been delayed and there is no assurance as to when they may resume, if at all. We are also unable to predict when industry market conditions may improve. Our senior loan facility matures in January 2021 and to date, we have been unable to negotiate an extension of the maturity date with our debt
holders. If we are unable to extend or otherwise address the maturity date of the senior loan facility, we expect that we will be unable to repay the senior loan facility when due in January 2021.

Our management continues to: (i) discuss with our debt holders an extension of the maturity date of the senior loan facility and waivers of the events of default due to the inclusion of an explanatory paragraph raising substantial doubt about our ability to continue as a going concern in the report of our independent registered public accounting firm on our consolidated financial statements included in this Annual Report on Form 10–K; (ii) seek to obtain additional financing through the issuance of debt or equity securities; and (iii) manage operating costs by actively pursuing cost cutting measures to maximize liquidity consistent with current industry market expectations. There is no assurance that we will be successful in extending the maturity date of the senior loan facility or obtaining additional financing on satisfactory terms or at all. In addition, there is no assurance that any such financing, if obtained, will be adequate to meet our needs and support our working capital needs. Based on the uncertainty of achieving these goals and the significance of the factors described, there is substantial doubt as to our ability to continue as a going concern for a period of 12 months after the date our consolidated financial statements included in this Annual Report on Form 10–K are issued. If we become unable to continue as a going concern, we could have to liquidate our assets, and potentially realize significantly less than the values at which they are carried on our financial statements, and the holders of our securities could lose all or part of their investment. Accordingly, our independent registered public accounting firm included an explanatory paragraph in their report accompanying our consolidated financial statements included in this Annual Report on Form 10–K.

The COVID–19 coronavirus pandemic has adversely affected our business, financial condition and results of operations.

The outbreak of the COVID–19 coronavirus, which has been declared by the World Health Organization to be a pandemic, has spread across the globe and is impacting worldwide economic activity, including the global demand for oil and natural gas. A pandemic, including the COVID–19 coronavirus or other public health epidemic, poses the risk that we or our employees, contractors, suppliers, customers and other partners may be prevented from conducting business activities for an indefinite period of time, including due to spread of the disease within these groups or due to restrictions that may be requested or mandated by governmental authorities, including quarantines of certain geographic areas, restrictions on travel and other restrictions that prohibit employees from going to work, both around the world as well as in certain jurisdictions in the United States. The continued spread of the COVID–19 coronavirus and the related mitigation measures may result in a significant decrease in business from our customers and/or cause our customers to be unable to meet existing payment or other obligations to us. For example, we were recently notified that contracts to acquire seismic data offshore West Africa, valued at approximately $42 million, were terminated by the operator presumably due to uncertainty on government restrictions on operations during the COVID-19 coronavirus pandemic. In addition, other scheduled and anticipated projects have been delayed and there is no assurance as to when they may resume, if at all. If the COVID–19 coronavirus continues to spread or the response to contain the COVID–19 coronavirus pandemic is unsuccessful, we could experience a material adverse effect on our business, financial condition, and results of operations.

Our business largely depends on the levels of exploration and development activity in the oil and natural gas industry, a historically cyclical industry. A decrease in this activity caused by low oil and natural gas prices, increased supply, and reduced demand, such as has occurred over the last several years, has had an adverse effect on our business, liquidity and results of operations.

Demand for our services depends upon the level of spending by oil and natural gas companies for exploration, production, development and field management activities which depend, in part, on oil and natural gas supplies and prices. The markets for oil and natural gas have historically been volatile and are likely to continue to be so in the future. In addition to the market prices of oil and natural gas, our customers’ willingness to explore, develop and produce depends largely upon prevailing industry conditions that are influenced by numerous factors over which our management has no control. A decline in oil and natural gas exploration activities and commodity prices, as has occurred over the last several years, has adversely affected the demand for our services and our results of operations.
Factors affecting the prices of oil and natural gas and our customers’ desire to explore, develop and produce include:

- the level of supply and demand for oil and natural gas;
- expectations about future prices for oil and natural gas;
- the worldwide political, military and economic conditions;
- the ability and willingness of the Organization of Petroleum Exporting Countries (“OPEC”) and non–OPEC countries, such as Russia, to set and maintain production levels and prices for oil;
- the rate of discovery of new oil and natural gas reserves and the decline of existing oil and natural gas reserves;
- the cost of exploring for, developing and producing oil and natural gas;
- the ability of exploration and production companies to generate funds or otherwise obtain capital for exploration, development and production operations;
- technological advances affecting energy exploration, production and consumption;
- government policies, including environmental regulations and tax policies, regarding the exploration for, production and development of oil and natural gas reserves, the use of fossil fuels and alternative energy sources and climate change;
- weather conditions, including large–scale weather events such as hurricanes that affect oil and natural gas operations over a wide area or affect prices; and
- epidemics, pandemics or other major public health issues, such as the COVID–19 coronavirus pandemic.

The prolonged volatility and weakness in oil and natural gas prices has led many E&P companies to reduce their capital expenditures, which has resulted in diminished demand for our services and products and downward pressure on the prices we charge or the level of work we do for our customers.

The price of oil has fallen significantly since the beginning of 2020, due in part to failed OPEC negotiations and to concerns about the COVID–19 coronavirus pandemic and its impact on the worldwide economy and global demand for oil. We expect continued volatility in oil and natural gas prices, as well as in the level of exploration and development activities by our customers. Any significant decline in exploration or production–related spending by our customers, whether due to a decrease in the prices for oil and natural gas or otherwise, would have a material adverse effect on our results of operations. Additionally, increases in oil and natural gas prices may not increase demand for our products and services or otherwise have a positive effect on our results of operations or financial condition.

Our backlog can vary significantly from time to time. Our backlog estimates are based on certain assumptions and are subject to unexpected adjustments and cancellations and thus may not be timely converted to revenues in any particular fiscal period, if at all, or be indicative of our actual operating results for any future period.

As of December 31, 2019, we had approximately $203.1 million of backlog under contract, in addition to approximately $348.6 million of bids outstanding. Of the $203.1 million of backlog under contract, we expect $127.1 million to be completed in 2020. Our backlog estimates represent those projects for which a customer has executed a contract or signed a binding letter of award. Our backlog can vary significantly from time to time, particularly if the backlog is made up of multi–year contracts with some of our more significant customers. Backlog estimates are based on a number of assumptions and estimates including assumptions related to foreign exchange rates and proportionate performance of contracts. The realization of our backlog estimates is further affected by our performance under term rate contracts, as the early or late completion of a project under term rate contracts will generally result in decreased or increased, as the case may be, revenues derived from those projects. Contracts for services are also occasionally modified by mutual consent and often can be terminated for convenience by the customer. Because of potential changes in the scope or schedule of our customers’ projects, and the possibility of early termination of customer contracts, we cannot predict with certainty when or if our backlog will be realized. Material modifications, delays, payment defaults or cancellations on the underlying contracts...
of operations, financial condition and stock price. Our reputation and could cause our counterparties to lose confidence in us. Each of these occurrences could have an adverse effect on our business, results

current SEC, DOJ and DOR investigations and shareholder litigation and any future proceedings will, regardless of the outcome, consume management’s time and attention and may result in additional legal, accounting, insurance and other costs. In addition, the restatement and related matters could impair

to the restatement. In addition, the DOR is conducting an investigation with respect to our determination that ASV is a variable interest entity and related

We are currently in default under our debt instruments and if our efforts to negotiate waivers of those defaults are unsuccessful, our debt holders may seek to accelerate the maturity date of the applicable debt and exercise their other respective rights and remedies, such as foreclosure, among other things.

The report of our independent registered public accounting firm on our consolidated financial statements included in this Annual Report on Form 10–K contains an explanatory paragraph raising substantial doubt about our ability to continue as a going concern, which results in events of default under our credit facility and our senior loan facility and a cross default under the indenture governing our 2023 Notes. As a result of such events of default, we are unable to borrow additional amounts under our credit facility without the requisite approval of the lenders under such credit facility. We have entered into forbearance agreements with respect to our credit facility, senior loan facility and 2023 Notes, whereby the holders of the indebtedness thereunder have agreed to refrain from exercising their rights and remedies with respect to these existing defaults and other events of default that have occurred and are continuing as further specified in the forbearance agreements until 5:00 p.m. (New York City time) on the earlier of (i) May 31, 2020 and (ii) the date the forbearance agreements otherwise terminate in accordance with their terms. If we are unable to obtain waivers of the events of default, our debt holders may take action to accelerate the maturity date of the applicable debt and exercise their other respective rights and remedies, such as foreclosure, among other things. In addition, our debt holders may force us into bankruptcy or we may be forced to seek bankruptcy protection to restructure our business and capital structure and may have to liquidate our assets and in a liquidation may receive less than the value at which those assets are carried on our financial statements. Such events could result in the holders of our securities losing all or part of their investment.

The restatement of our previously issued consolidated financial statements 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”) may lead to additional risks and uncertainties, including loss of investor and counterparty confidence and negative impacts on our stock price.

As discussed in the “Explanatory Note”, “Item 6. Selected Financial Data” and “Note 3. Restatement of Previously Reported Consolidated Financial Statements” and “Note 24. Quarterly Data” to our consolidated financial statements included in “Item 8. Financial Statements and Supplementary Data” of our amended Annual Report on Form 10–K/A for the year ended December 31, 2018 that was filed with the SEC on February 7, 2020, we restated our previously issued consolidated financial statements for the Non–Reliance Periods to correct accounting errors related to, among other items, our re–evaluation of our relationship with ASV and our determination that ASV is a related party VIE, that we had a controlling financial interest in ASV, and that we are the primary beneficiary of ASV, which, among other things, required us to consolidate the financial results of ASV.

In connection with this restatement of our previously issued consolidated financial statements, we have also identified material weaknesses in our internal control over financial reporting, and management has concluded that our internal control over financial reporting and disclosure controls and procedures were not effective as of December 31, 2019. For a description of the material weaknesses and our management’s implemented and planned remediations for those material weaknesses, please see “Item 9A. Controls and Procedures” contained herein.

As a result of the circumstances giving rise to the restatement, we have become subject to a number of additional costs and risks, including unanticipated costs for accounting and legal fees in connection with or related to the restatement and the remediation of our disclosure controls and procedures and material weaknesses in internal control over financial reporting. In addition, the attention of our management team has been diverted by these efforts. The SEC and the DOJ are conducting investigations into, and we are subject to shareholder litigation related to, the circumstances giving rise to the restatement. In addition, 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 could be subject to further regulatory, or shareholder or other actions in connection with the restatement in the future. The current SEC, DOJ and DOR investigations and shareholder litigation and any future proceedings will, regardless of the outcome, consume management’s time and attention and may result in additional legal, accounting, insurance and other costs. In addition, the restatement and related matters could impair our reputation and could cause our counterparties to lose confidence in us. Each of these occurrences could have an adverse effect on our business, results of operations, financial condition and stock price.

14
We have identified material weaknesses in our internal control over financial reporting that, if not remediated, could result in additional material misstatements in our consolidated financial statements, which could materially and adversely affect our business.

As described in “Item 9A. Controls and Procedures” contained herein, management has identified and evaluated the control deficiencies relating to revenue recognition, complex accounting and management estimates (including VIEs, earnings per share and income taxes), financial statement close and reporting, customer and vendor setup, approval and maintenance, related parties, segregation of duties, and information technology that gave rise to the accounting errors related to the financial results of ASV not being consolidated, and the control deficiencies relating to revenue recognition, earnings per share and income taxes that gave rise to additional unrelated material accounting errors, and has concluded that those deficiencies represent material weaknesses in our internal control over financial reporting. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. As a result of those material weaknesses, management has concluded that we did not maintain effective internal control over financial reporting as of December 31, 2019.

We have developed and are in the process of implementing a remediation plan to address the material weaknesses; however, because of the inherent limitations in a cost–effective control system, misstatements due to error or fraud may occur undetected, and it is possible that additional material weaknesses in our internal control over financial reporting may be identified in the future. If our remediation efforts are insufficient or if additional material weaknesses in our internal control over financial reporting are discovered or occur in the future, our consolidated financial statements may contain material misstatements and we could be required to restate our financial results, which could materially and adversely affect our business, results of operations and financial condition, result in delays in meeting our reporting obligations, restrict our ability to access the capital markets, require us to expend significant resources to correct the material weakness, subject us to fines, penalties or judgments, harm our reputation or otherwise cause a decline in investor confidence.

We are involved in governmental investigations, which are costly to conduct and may result in substantial financial and other penalties, as well as adverse effects on our business and financial condition.

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 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 investigation. The DOR investigation is continuing, and we are currently 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.

If we are found to have violated securities laws or other federal or state statutes, we may be subject to criminal and civil penalties and other remedial measures, including, but not limited to, injunctive relief, disgorgement, civil and criminal fines and penalties, modifications of compliance programs and the retention of a monitor to oversee compliance. The imposition of any of these sanctions or remedial measures could have a material adverse impact on our business, reputation, revenues, results of operations and financial condition.

Our revenues, operating results and cash flows can be subject to fluctuations from period to period. Our revenues, operating results and cash flows may fluctuate from period to period. Factors that cause variations include the timing of the receipt and commencement of contracts for seismic data acquisition, processing or interpretation and customers’ budgetary cycles, all of which are beyond our control. In addition, in any given period, we could have idle crews which result in a significant portion of our revenues, cash flows and earnings coming from a relatively small number of crews. Lower crew utilization rates can be caused by land access permit and weather delays, seasonal factors such as holiday schedules, shorter winter days or agricultural or hunting seasons, and crew repositioning and crew utilization and productivity. Additionally, due to location, type of service or particular project, some of our individual crews may achieve results that constitute a significant percentage of our consolidated operating results. Should any of our crews experience changes in timing or delays due to one or more of these factors, our financial results could be subject to significant variations from period to period. Combined with our fixed costs, these revenue fluctuations could also produce unexpected adverse results of operations in any fiscal period.
Oil and natural gas prices have continued to be volatile and have resulted in significant demand fluctuations for our services. There can be no assurance of future oil and gas price levels or stability. The demand for our services will be adversely affected by a significant reduction in oil and natural gas prices and by climate change legislation or material changes to U.S. energy policy. Because our business has high fixed costs, the negative effect of one or more of these factors could trigger wide variations in our revenues, operating results and cash flows.

In addition to the above potential fluctuations in our revenue, we may also have significant third-party pass-through costs that are reflected in our revenues but correspond to a very small administrative margin charged to the customer. Therefore, our revenues for certain periods may include a large amount of these third-party charges and can cause our gross profit margin to be lower.

Our profitability is determined, in part, by the utilization level and productivity of our crews and is affected by numerous external factors that are beyond our control.

Our profitability is determined, in part, by the prices we receive for our services, the productivity of our crews and the accuracy of our cost estimates. The productivity of our crews is partly a function of external factors, such as client cancellation or delay of projects, operating delays from inclement weather, obtaining land access rights and other factors, over which we have no control. In addition, cost estimates for our projects may be inadequate due to unknown factors associated with the work to be performed and market conditions, resulting in cost over-runs. If our crews encounter operational difficulties or delays, or if we have not correctly priced our services, our results of operation may vary and, in some cases, may be adversely affected.

Our projects are performed on both a (i) turnkey basis, where a defined amount and scope of work is provided by us for a fixed price and additional work, which is subject to customer approval, is billed separately, and (ii) term basis, where work is provided by us for a fixed hourly, daily or monthly fee. The relative mix of turnkey and term agreements, as related to our projects, can vary widely from time to time. The revenue, cost and gross profit realized on a turnkey contract can vary from our estimated amount because of changes in job conditions, variations in labor and equipment productivity from the original estimates, and the performance of subcontractors. In addition, if conditions exist on a particular project that were not anticipated in the customer contract, such as excessive weather delays, community issues, governmental issues or equipment failure, then the revenue timing and amount from a project can be affected substantially. Turnkey contracts may also cause us to bear substantially all of the risks of business interruption caused by weather delays and other hazards. Those variations, delays and risks inherent in billing customers at a fixed price may result in us experiencing reduced profitability or losses on projects.

The significant fixed costs of our operations could result in operating losses.

We are subject to significant fixed operating costs, which primarily consist of depreciation (a non-cash item) and maintenance expenses associated with our equipment, certain crew costs and interest expense on our outstanding indebtedness. Extended periods of significant downtime or low productivity caused by reduced demand, weather interruptions, equipment failures, permit delays or other causes could negatively affect our results and have a material adverse effect on our financial condition and results of operations because we will not be able to reduce our fixed costs as fast as revenues decline.

Our working capital needs are difficult to forecast and may vary significantly, which could cause liquidity issues and require us to seek additional financing that we may not be able to obtain on satisfactory terms, or at all.

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, and we currently estimate that our capital expenditures for 2020 will not exceed $3.0 million. 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.
We are in default under our credit facility, senior loan facility and 2023 Notes and, as a result, are unable to borrow additional amounts under our credit facility unless we obtain the requisite approval of the lenders under such credit facility. We cannot assure you that the lenders under our credit facility will approve or make any additional borrowings to us under our credit facility. As disclosed above, we have initiated a process to analyze and evaluate various strategic alternatives to address our capital structure. We cannot assure you that we will be able to identify, undertake and complete any strategic alternative that will address our capital structure and our anticipated working capital needs.

As a result of the delayed filing of our Quarterly Reports on Form 10–Q for the quarters ended June 30, 2019 and September 30, 2019 with the SEC, we are not currently eligible to use a registration statement on Form S–3 to register the offer and sale of securities, which may adversely affect our ability to raise additional capital.

As a result of the delayed filing of our Quarterly Reports on Form 10–Q for the quarters ended June 30, 2019 and September 30, 2019 with the SEC, we will not be eligible to register the offer and sale of our securities using a registration statement on Form S–3 until we have timely filed all periodic reports required under the Exchange Act for at least twelve calendar months. There can be no assurance that we will be able to timely file such reports in the future. In addition, it is possible that the SEC in connection with their investigation of the facts surrounding our restatement could further prolong our inability to register securities for sale to the public on Form S–3. As a result, should we wish to register the offer and sale of our securities to the public, our transaction costs and the amount of time required to complete the transaction could increase, making it more difficult to execute any such transaction timely and successfully and potentially harming our financial condition.

We face several risks regarding the monetization of tax credits under Alaska’s tax credits program.

As of December 31, 2019, we have a $12.1 million tax credits receivable, net of an allowance of $53.0 million, related to the tax credits earned by ASV. Following our sale of seismic data and related assets in January 2020, the balance of this receivable has been reduced to $2.7 million, net of an allowance of $27.7 million. We have classified this receivable as long–term because of the length of time we expect it will take to collect on it.

Falling oil prices have substantially reduced Alaska’s revenue from production taxes and other petroleum sources, resulting in appropriations to the oil and gas tax credit fund for purchase of tax credit certificates in the last several fiscal years at or below the amounts indicated by a statutory formula rather than amounts needed to pay for all the tax credit certificates in the queue for purchase. The Alaska budgets that passed in 2019 for fiscal year 2020, which started July 1, 2019, and in 2020 for fiscal year 2021, which starts July 1, 2020, had no appropriation to the oil and gas tax credit fund, but did include appropriations of an estimated $700 million for purchases of tax credit certificates through the bond program described below. According to statements made by DOR officials, that amount would be enough to pay for the outstanding tax credit certificates awaiting purchase by the State of Alaska. However, given the legal challenge to the bond program described below and the time it will take DOR to make purchases once the legal challenge is resolved, we do not anticipate that any purchases through the bond program will happen in fiscal year 2020. The fiscal year 2021 budget did not include an appropriation for debt service for the bond program, which will need to be addressed before the program will move forward.

In June 2018, Alaska passed legislation allowing Alaska to issue bonds to finance the purchase of up to $1.0 billion in tax credit certificates. If issued, Alaska will use the proceeds from the bonds to purchase tax credit certificates. Seismic companies will basically have two options from which to pick on a program–by–program basis. One option allows for the purchase of the tax credit certificates at a 10% discount rate based on the time Alaska would otherwise pay from the oil and gas tax credit fund under the statutory formula. The second option allows for the purchase of the tax credit certificates at a discount rate as low as the true interest costs plus 1.5% (estimated to be approximately 5.1%) but only if the seismic data is made publicly available earlier than the ten year confidentiality period that would otherwise apply. There are other options to obtain the lower discount rate, but those are less likely to be available to us as they require grant of an overriding royalty interest in an oil or gas property or a commitment to make capital investment in Alaska at or above the purchase amount within 24 months after purchase.

While we continue to pursue other options to monetize the tax credit certificates, at this time we believe that the most likely path to monetize the tax credit certificates may be from proceeds that Alaska realizes from issuing its own bonds. This path has, however, complexities and risks. Although the Alaska Attorney General issued an opinion that the issuance of the bonds is not prohibited by the Alaska Constitution, a lawsuit was filed asserting constitutional challenges to Alaska’s ability to issue the bonds. An Alaskan Superior Court judge dismissed the challenge to the constitutionality of the issuance of the bonds, and that ruling has been appealed to the Alaska Supreme Court. The DOR has indicated, however, that until the courts have resolved the legal issues, which we estimate may take at least several more months, it will not go into the bond markets.
In addition, the DOR is conducting an investigation with respect to our determination that ASV is a variable interest entity and related tax credit certificates. We have been cooperating, and will continue to cooperate, with the DOR. The DOR investigation is continuing, and we are currently unable to predict the eventual scope, duration or outcome of any potential DOR legal action or whether it could have a material impact on our financial condition, results of operations, or cash flow.

As a result of the above, we face several risks regarding the monetization of the tax credits. While we believe that we will get paid some amount of the tax credits, we cannot assure you when that will occur or how much. The longer it takes to monetize the tax credits, the more it could have a negative impact on our liquidity and cash flows.

If we do not manage growth and contractions in our business effectively, our results of operations could be adversely affected.

Historically, we have experienced significant growth but for the last several years we have contracted our business in response to the decline in oil and natural gas exploration activities. Both growth and contraction have placed significant demands on our personnel, management, infrastructure and support mechanisms and other resources. We must continue to improve our operational, financial, management, legal compliance and information systems to keep pace with the growth of or contractions in our business. We may also expand through the strategic acquisition of companies and assets. We must plan and manage any acquisitions effectively to achieve revenue growth and maintain profitability in our evolving market. If we fail to manage growth of or contractions in our business effectively, our ability to provide services could be adversely affected, which could negatively affect our operating results.

We face intense competition in our business that could result in downward pricing pressure and the loss of market share.

Competition among seismic contractors historically has been, and likely will continue to be, intense. Competitive factors have in recent years included price, crew experience, asset availability and capacity, technological expertise and reputation for quality and dependability. We also face increasing competition from nationally owned companies in various international jurisdictions that operate under less significant financial constraints than those we experience. Many of our competitors have greater financial and other resources, more customers, greater market recognition and more established relationships and alliances in the industry than we do. They and other competitors may be better positioned to withstand and adjust more quickly to volatile market conditions, such as fluctuations in oil and natural gas prices and production levels, as well as changes in government regulations. Additionally, the seismic data acquisition business is extremely price competitive and has a history of protracted periods of months or years where seismic contractors under financial duress bid jobs at unattractive pricing levels and therefore adversely affect industry pricing. Competition from those and other competitors could result in downward pricing pressure, which could adversely affect our margins, and could result in the loss of market share.

We derive a portion of our revenues from contracts awarded through a competitive bidding process which can involve significant costs and risks. This effort may not result in awards of business, which could have adverse consequences on our future profitability.

Many of our customers award business through a competitive bidding process, which results in greater competition and increased pricing pressure. This competitive bidding process involves substantial costs and presents a number of risks, including the:

- substantial cost and managerial time and effort that we spend to prepare bids and proposals;
- need to accurately estimate the resources and costs that will be required to service any contracts we are awarded; and
- opportunity cost of not bidding on and winning other contracts we may have otherwise pursued.

Even if we are awarded contracts, we may fail to accurately estimate the resources and costs required to fulfill a contract, or to resolve problems with our subcontractors or suppliers, which could negatively impact the profitability of any contract award to us, particularly in the case of turnkey contracts. In addition, following the award of a contract, we have experienced and may continue to experience significant expense or delay, contract modification or contract rescission as a result of customer actions that are beyond our control.
We have a history of losses and may not achieve consistent profitability in the future.

We have incurred substantial losses in prior years. In 2019 and 2018, we generated net losses of $22.6 million and $59.6 million, respectively. Our ability to be profitable in the future will depend on many factors beyond our control, but primarily on the level of demand for seismic data acquisition services by E&P companies. Even if we do achieve profitability, we may not be able to maintain or increase our level of profitability.

Our agreements with our customers may not adequately protect us from unforeseen events or address all issues that could arise with our customers. The occurrence of unforeseen events or disputes with customers could result in increased liability, costs and expenses for our projects.

We enter into master service agreements with many of our customers that allocate certain operational risks. Despite the inclusion of risk allocation provisions in our agreements, our operations may be affected by a number of events that are unforeseen or not within our control and our agreements may not adequately protect us from each possible event. If an event occurs which we have not contemplated or otherwise addressed in our agreement we, and not our customer, will likely bear the increased cost or liability.

To the extent our agreements do not adequately address those and other issues, or we are not able to successfully resolve resulting disputes, we may incur increased liability, costs and expenses. This may have a material adverse effect on our results of operations.

We operate under hazardous conditions that subject us and our employees to risk of damage to property or personal injury and limitations on our insurance coverage may expose us to potentially significant liability costs.

Our activities are often conducted in dangerous environments and include hazardous conditions, including operation of heavy equipment, the detonation of explosives, and operations in remote areas of developing countries. Operating in such environments, and under such conditions, carries with it inherent risks, such as loss of human life or equipment, as well as the risk of downtime or reduced productivity resulting from equipment failures caused by an adverse operating environment. Those risks could cause us to experience injuries to our personnel, equipment losses, and interruptions in our business.

Although we maintain insurance, our insurance contains certain coverage exclusions and policy limits. There can be no assurance that our insurance will be sufficient or adequate to cover all losses or liabilities or that insurance will continue to be available to us on acceptable terms, or at all. Further, we may experience difficulties in collecting from insurers as such insurers may deny all or a portion of our claims for insurance coverage. A claim for which we are not fully insured, or which is excluded from coverage or exceeds the policy limits of our applicable insurance, could have a material adverse effect on our financial condition.

From time to time, we are subject to various claims, litigation and other proceedings that could ultimately be resolved against us, requiring material future cash payments or charges, which could impair our financial condition or results of operations.

We are currently, and may in the future become, subject to various claims, either in litigation or binding arbitration, which, if not resolved within amounts we have accrued, could have a material adverse effect on our financial position, results of operations or cash flows. Although we maintain insurance to cover litigation related claims, there can be no assurance that our insurance will be sufficient or adequate to cover all losses or liabilities or that insurance will continue to be available to us on acceptable terms, or at all. Similarly, any claims, even if fully indemnified or insured, could negatively impact our reputation among our customers and the public, and make it more difficult for us to compete effectively or obtain adequate insurance in the future.

Our operations are subject to weather and seasonality, which may affect our ability to timely complete projects.

Our seismic data acquisition services are performed outdoors, often in difficult or harsh climate conditions, and are therefore subject to weather and seasonality. In Canada and Alaska, the primary season for seismic data acquisition is during the winter, as many areas are only accessible when the ground is frozen. The weather conditions during this time of year can affect the timing and efficiency of operations. In addition, this prime season can be shortened by warmer weather conditions. In South America and Southeast Asia, our operations are affected by the periods of heavy rain in the areas where seismic operations are conducted.
In all areas in which we operate, the weather is an uncontrollable factor that affects our operations at various times of the year. Due to the unpredictability of weather conditions, there may be times when adverse conditions may cause our operations to be delayed and result in additional costs and may negatively affect our results of operations. In addition, even if we negotiate weather protection provisions in our contracts, we may not be fully compensated by our clients for delays caused by inclement weather.

**Our operations are subject to delays related to obtaining government permits and land access rights from third parties which could result in delays affecting our results of operations.**

Our seismic data acquisition operations could be adversely affected by our inability to obtain timely right of way usage from both public and private land and/or mineral owners. We cannot begin surveys on property without obtaining any required permits from governmental entities as well as the permission of the private landowners who own the land being surveyed. In recent years, it has become more difficult, costly and time-consuming to obtain access rights of way as drilling activities have expanded into more populated areas. Additionally, while landowners generally are cooperative in granting access rights, some have become more resistant to seismic and drilling activities occurring on their property. In addition, governmental entities do not always grant permits within the time periods expected. Delays associated with obtaining such permits and rights of way may negatively affect our results of operations, as has occurred with the recent federal government shutdown that delayed permitting on a proposed seismic shoot in Alaska.

**Capital requirements for the technology we use can be significant. If we are unable to finance these requirements, we may not be able to maintain our competitive advantage.**

Seismic data acquisition technologies historically have steadily improved and progressed, and we expect this trend to continue. Manufacturers of seismic equipment may develop new systems that have competitive advantages relative to systems now in use that either render the equipment we currently use obsolete or require us to make substantial capital expenditures to maintain our competitive position. In order to remain competitive, we may need to continue to invest additional capital to maintain, upgrade and expand our seismic data acquisition capabilities.

Our capital requirements, which are primarily the cost of equipment, historically have been significant. We attempt to minimize our capital expenditures by restricting our purchase of equipment to equipment that we believe will remain highly utilized, and we strategically rent equipment utilizing the most current technology to cover peak periods in equipment demands. We may not be able to finance all our capital requirements, however, when and if needed, to acquire new equipment. If we are unable to do so, there may be a material negative impact on our operations and financial condition. Under our current business model, however, capital expenditures will be kept at minimum levels, other than for maintenance expenditures, until we see improvement in the market for seismic services. While we own or can rent the equipment needed for our current levels of business, long-term limiting our capital expenditures may result in an increased competitive disadvantage.

**A limited number of clients operating in a single industry account for a significant portion of our revenues, and the loss of one of these clients could adversely affect our results of operations.**

We derive our revenues from a relatively small number of E&P companies. Our largest customers can and typically do change from year to year and our largest customers in any one year may not be indicative of our largest customers in the future. If any of our customers were to terminate their contract with us on a large project or fail to contract for our services in the future because they are acquired, alter their exploration or development strategy, experience financial difficulties, as a result of concerns over our current cash flow and liquidity difficulties or for any other reason, and we were not able to replace their business with business from other customers, our business, financial condition and results of operations could be materially and adversely affected.

**We may be held liable for the actions of our subcontractors.**

We often work as the general contractor on seismic data acquisition surveys and consequently engage a number of subcontractors to perform services and provide products. While we generally obtain contractual indemnification and insurance covering the acts of those subcontractors and require the subcontractors to obtain insurance for our benefit, there can be no assurance we will not be held liable for the actions of those subcontractors. In addition, subcontractors may cause damage or injury to our personnel and property that is not fully covered by insurance or by claims against the subcontractors.
We, along with our customers, are subject to compliance with governmental laws and regulations that may expose us to significant costs and liabilities and may adversely affect the demand for our services.

Our operations, and those of our customers, are subject to a variety of federal, provincial, state and local laws and regulations relating to protection of the environment, particularly those relating to emissions to air, discharges of water, treatment, storage and disposal of regulated materials and remediation of soil and groundwater contamination. Those laws and regulations may impose numerous obligations that are applicable to our operations including the acquisition of permits before commencing regulated activities and the limitation or prohibition of seismic activities in environmentally sensitive or protected areas such as wetlands or wilderness areas.

Numerous governmental authorities, such as the U.S. Environmental Protection Agency (the “EPA”) and analogous state agencies in the U.S. and governmental bodies with control over environmental matters in foreign jurisdictions, have the power to enforce compliance with those laws and regulations and any permits issued under them, oftentimes requiring difficult and costly actions. We may incur substantial costs, including fines, damages, criminal or civil sanctions, remediation costs and natural resource damage claims, or experience interruptions in our operations for violations or liabilities arising under these laws and regulations. Further, we may become liable for damages against which we cannot adequately insure or against which we may elect not to insure because of high costs or other reasons. Our customers are subject to similar environmental laws and regulations.

We expend financial and managerial resources to comply with all the laws and regulations applicable to our operations. Any changes in environmental laws and regulations or re-interpretation of enforcement policies that result in more stringent and costly regulations, or that change waste handling, storage, transport, disposal or remediation requirements could have a material adverse effect on our results of operations and financial position. The fact that such laws or regulations change frequently makes it impossible for us to predict the cost or impact of such laws and regulations on our future operations. The costs of complying with applicable environmental laws and regulations are likely to increase over time and we cannot provide any assurance that we will be able to remain in compliance with respect to existing or new laws and regulations or that such compliance will not have a material adverse effect on our business, financial condition and results of operations, or on the operations of our customers which could affect demand for our services. Although regulatory developments that may occur in subsequent years could have the effect of reducing industry activity, we cannot predict the nature of any new restrictions or regulations that may be imposed. We may be required to increase operating expenses or capital expenditures in order to comply with any new restrictions or regulations.

In addition, as a result of the mobility of our equipment, operations in foreign jurisdictions and the utilization of a multi-national work force, we and our customers are subject to various federal, provincial, state and local laws and regulations in the U.S. and foreign jurisdictions relating to the import or export of equipment and the immigration and employment of non-citizen employees or sub-contractors. Numerous governmental authorities, such as the U.S. Customs and Border Protection, the Bureau of Industry and Security and the Office of Foreign Assets Control, and analogous governmental bodies in foreign jurisdictions have laws and regulations which prohibit or restrict operations in certain jurisdictions and doing business with certain persons in such jurisdictions, and we and our customers may be required to obtain and maintain licenses, permits, visas and similar documentation for operations. We may incur substantial costs, including fines and damages, criminal or civil sanctions for violations or liabilities arising under these laws and regulations.

Current and future legislation or regulation relating to climate change and hydraulic fracturing could negatively affect the exploration and production of oil and natural gas and adversely affect demand for our services.

In response to concerns suggesting that emissions of certain gases, commonly referred to as “greenhouse gases” (“GHG”) (including carbon dioxide and methane), may be contributing to global climate change, legislative and regulatory measures to address the concerns are in various phases of discussion or implementation at the federal, state and international levels. Many states, either individually or through multi-state regional initiatives, have already taken legal measures intended to reduce GHG emissions, primarily through the planned development of GHG emission inventories and/or GHG cap and trade programs.

This increasing focus on global warming may result in new environmental laws or regulations that may negatively affect us, our suppliers and our customers. This could cause us to incur additional direct costs in complying with any new environmental regulations, as well as increased indirect costs resulting from our suppliers, customers or both incurring additional compliance costs that get passed on to us. Moreover, passage of climate change legislation or other legislative or regulatory initiatives that regulate or restrict emissions of GHG may curtail production and demand for fossil fuels such as oil and natural gas in areas where our customers operate and thus adversely affect future demand for our services. Reductions in our revenues or increases in our expenses as a result of climate control initiatives could have adverse effects on our business, financial position, results of operations and prospects.
Hydraulic fracturing is an important and commonly used process in the completion of oil and natural gas wells. Hydraulic fracturing involves the injection of water, sand and chemical additives under pressure into rock formations to stimulate oil and natural gas production. Due to public concerns raised regarding potential impacts of hydraulic fracturing on groundwater quality, legislative and regulatory efforts at the federal level and in some states have been initiated to require or make more stringent the permitting, reporting and compliance requirements for hydraulic fracturing operations.

These legislative and regulatory initiatives imposing additional reporting obligations on, or otherwise limiting, the hydraulic fracturing process could make it more difficult or costly to complete oil and natural gas wells. Shale natural gas and shale oil cannot be economically produced without extensive fracturing. In the event such initiatives are successful, demand for our seismic acquisition services may be adversely affected.

We face various risks associated with increased activism against oil and natural gas exploration and development activities.

Opposition toward oil and natural gas drilling and development activity has been growing globally and is particularly pronounced in the United States. Companies in the oil and natural gas industry are often the target of activist efforts from both individuals and non–governmental organizations regarding safety, human rights, environmental matters, sustainability, and business practices. Anti–development activists are working to, among other things, reduce access to federal and state government lands and delay or cancel certain operations such as offshore drilling and development. For example, environmental activists have recently challenged lease sales, seismic acquisition activities and decisions to grant air quality permits in the U.S. Gulf of Mexico for offshore drilling and have challenged permitting and lease sales in the Arctic National Wildlife Refuge in Alaska.

Future activist efforts could result in the following:

• reductions in governmental leasing permitting exploration and production activities;
• delay or denial of government permits or land access rights;
• restrictions on the use of certain operating practices;
• legal challenges or lawsuits;
• damaging publicity about us;
• increased regulations;
• increased costs of doing business;
• reduction in demand for our services; and
• other adverse effects on our ability to provide our services.

Our need to incur costs associated with responding to these initiatives or complying with any resulting new legal or regulatory requirements resulting from these activities that are substantial and not adequately provided for, could have a material adverse effect on our business, financial condition and results of operations.

Our operations outside of the U.S. are subject to additional political, economic, and other risks and uncertainties that could adversely affect our business, financial condition, results of operations, or cash flows, and our exposure to such risks will increase as we expand our international operations.

Our operations outside of North America accounted for a substantial portion of our consolidated revenue. Our international operations are subject to a number of risks inherent in any business operating in foreign countries, and especially those operating in emerging markets. As we continue to increase our presence in those countries, our operations will continue to encounter the following risks, among others:

• government instability or armed conflict, which can cause our potential customers to withdraw or delay investment in capital projects, thereby reducing or eliminating the viability of some markets for our services;
• potential expropriation, seizure, nationalization or detention of assets;
• risks relating to foreign currency, as described below;
• high rates of inflation in certain foreign countries, which have significant negative effects on the economies of those countries and our operations in those countries;
• import/export quotas or unexpected changes in regulatory environments and trade barriers;
• civil uprisings, riots and war, which can make it unsafe to continue operations, adversely affect both budgets and schedules and expose us to losses;
• availability of suitable personnel and equipment, which can be affected by government policy, or changes in policy, which limit the importation of qualified crew members or specialized equipment in areas where local resources are insufficient, and legal restrictions or other limitations on our ability to dismiss employees;
• laws, regulations, decrees and court decisions under legal systems that are not always fully developed and that may be retroactively applied and cause us to incur unanticipated and/or unrecoverable costs, as well as delays which may result in real or opportunity costs;
• terrorist attacks, including kidnappings of our personnel; and
• epidemics, pandemics or other major public health issues, such as the COVID–19 coronavirus.

If any of those or other similar events should occur, it could have a material adverse effect on our financial condition and results of operations.

We are subject to taxation in many foreign jurisdictions and the final determination of our tax liabilities involves the interpretation of the statutes and requirements of taxing authorities worldwide. Our tax returns are subject to routine examination by taxing authorities, and those examinations may result in assessments of additional taxes, penalties and/or interest.

Our overall success as a global business depends, in part, upon our ability to succeed in differing economic, social and political conditions. We may not succeed in developing and implementing policies and strategies that are effective in each location where we do business, and we may experience project disruptions and losses, which could negatively affect our profitability.

Our results of operations can be significantly affected by foreign currency fluctuations and regulations.

A portion of our revenues is derived in the local currencies of the foreign jurisdictions in which we operate. Accordingly, we are subject to risks relating to fluctuations in currency exchange rates. In the future, and especially as we further expand our operations in international markets, our customers may increasingly make payments in non–U.S. currencies. Fluctuations in foreign currency exchange rates could affect our revenues, operating costs and operating margins. In addition, currency devaluation can result in a loss to us if we hold deposits of that currency. Hedging foreign currencies can be difficult, especially if the currency is not actively traded. We cannot predict the effect of future exchange rate fluctuations on our operating results.

In addition, we are subject to risks relating to governmental regulation of foreign currency, which may limit our ability to:
• transfer funds from or convert currencies in certain countries;
• repatriate foreign currency received in excess of local currency requirements; and
• repatriate funds held by our foreign subsidiaries to the United States at favorable tax rates.

As we continue to develop our operations in foreign countries, there is an increased risk that foreign currency controls may create difficulty in repatriating profits from foreign countries in the form of taxes or other restrictions, which could restrict our cash flow.
We may be exposed to liabilities under the U.S. Foreign Corrupt Practices Act (the “FCPA”) and other anti–corruption laws, and any determination that we violated the FCPA or other such laws could have a material adverse effect on our business, operations and reputation.

As a U.S. corporation, we are subject to the regulations imposed by the FCPA and other anti–corruption laws that prohibit U.S. companies and their intermediaries from making improper payments or offers of payments to foreign governments and their officials and political parties for the purpose of obtaining or retaining business.

We operate in certain parts of the world that have experienced governmental corruption to some degree and, in certain circumstances, strict compliance with anti–corruption laws may conflict with local customs and practices. Thus, we face the risk of unauthorized payments or offers of payments by one of our employees or consultants, given that these parties may not always be subject to our control. We could be held liable for actions taken by our strategic or local partners even though our partners are not subject to the FCPA or other anti–corruption laws. Violations of the FCPA or other anti–corruption laws may result in severe criminal or civil sanctions, and we may be subject to other liabilities, which could negatively affect our business, operating results and financial condition.

A cyber incident could result in loss or corruption of customer data or information theft, data corruption, operational disruption, and/or financial loss that affects us.

We have become increasingly dependent on our information systems and related infrastructure as well as cloud application and services, to process and record our customers' seismic data, process our financial and operating data, communicate with our employees and for many other activities related to our business.

As dependence on digital technologies has increased, cyber–attacks, including deliberate attacks or unintentional events, have also increased. A cyber–attack could include gaining unauthorized access to digital systems for purposes of misappropriating assets or sensitive information, corrupting data, or causing operational disruption, or result in denial of service on websites.

Our technologies, systems and networks may become the target of cyber–attacks or information security breaches that could result in the unauthorized release, gathering, monitoring, misuse, loss or destruction of customer proprietary and other information, or other disruption of our business operations. In addition, certain cyber incidents, such as surveillance, may remain undetected for an extended period. A cyber incident involving our information systems and related infrastructure could disrupt our business plans and negatively impact our operations, particularly if the incident affects our customers’ data. Although to date we have not experienced any cyber–attacks, there can be no assurance that we will not be the target of cyber-attacks in the future or suffer such losses related to any cyber incident. As cyber threats continue to evolve, we may be required to expend significant additional resources to continue to modify or enhance our protective measures or to investigate and remediate any information security vulnerabilities.

The enactment of legislation implementing changes in U.S. or foreign tax laws affecting the taxation of international business activities or the adoption of other tax reform policies could materially impact our financial position and results of operations.

Changes to U.S. or foreign tax laws could impact the tax treatment of our foreign earnings. Due to the scope of our international business operations, any changes in the U.S. or foreign taxation of these operations may increase our worldwide effective tax rate and adversely affect our financial condition and operating results. The international scope of our operations and our corporate and financing structure may expose us to potentially adverse tax consequences. We are subject to taxation in and to the tax laws and regulations of multiple jurisdictions as a result of the international scope of our operations and our corporate and financing structure. We are also subject to intercompany pricing laws, including those relating to the flow of funds between our companies. Adverse developments in these laws or regulations, or any change in position regarding the application, administration or interpretation of these laws or regulations in any applicable jurisdiction, could have a material adverse effect on our business, financial condition and results of operations. In addition, the tax authorities in any applicable jurisdiction, including the United States, may disagree with the positions we have taken or intend to take regarding the tax treatment or characterization of any of our transactions, including the tax treatment or characterization of our indebtedness, intercompany loans and guarantees. If any applicable tax authorities, including the U.S. tax authorities, were to successfully challenge the tax treatment or characterization of any of our transactions, it could result in the disallowance of deductions and the imposition of tax, interest and penalties.
Our continued success depends substantially on the continuing efforts of our senior executives and other key personnel, and our business may be severely disrupted if we lose their services.

Our continued success depends upon the continued services of our senior executives and other key personnel. As a result of the circumstances giving rise to the restatement of our previously issued consolidated financial statements, we have undergone a reorganization of our senior level management. Additional reorganization or the loss of additional senior level executives or key personnel could disrupt our operations, which in turn could materially and adversely affect our business, results of operations and financial condition. In addition, competition for senior executives and key personnel in our industry is intense, and we may be unable to retain our senior executives and key personnel or attract and retain new senior executives and key personnel in the future, in which case our business may be severely disrupted.

Significant amounts of money were invested in acquiring and processing seismic data for the multiclient seismic data library maintained by ASV without knowing precisely how much of this seismic data will be able to be licensed or when and at what price such data will be licensed.

Significant amounts of money were invested in acquiring and processing seismic data for the multiclient seismic data library maintained by ASV. As a result, ASV is exposed to the following risks:

- ASV may not fully recover the costs of acquiring and processing seismic data through future licensing of seismic data, as the amounts and timing of these data sales are unpredictable, can vary greatly from quarter to quarter and depend on a variety of factors, many of which are beyond ASV’s control;
- the amortization of the costs of these surveys will affect our earnings and, when combined with the sporadic nature of sales, will result in increased earnings volatility;
- regulatory and technological changes that affect companies’ ability to drill, either generally or in a specific location covered by the acquired seismic data, could materially adversely affect the value of the seismic data contained in the library maintained by ASV; and
- the value of the seismic data could be significantly adversely affected if any material adverse change occurs in the general prospects for oil and gas exploration, development and production activities.

The cyclical nature of the oil and natural gas industry can have a significant effect on our revenues and profitability. Historically, oil and natural gas prices, as well as the level of exploration and developmental activity, have fluctuated significantly. These fluctuations have in the past, and may in the future, adversely affect our business. We are unable to predict future oil and natural gas prices or the level of oil and natural gas industry activity. Prolonged periods of low commodity prices depress development activity, adversely affecting the demand for our products and services, including the multiclient seismic data library maintained by ASV, and our financial condition and results of operations.

The requirements of being a public company increase our operating expenses and divert management’s attention.

As a public company, we are subject to the requirements of the Exchange Act, the Sarbanes–Oxley Act, the Dodd–Frank Act and other applicable securities rules and regulations. Compliance with these rules and regulations require us to incur significant additional legal, accounting and other expenses that we would not incur if we were not a public company.

The Exchange Act requires, among other things, that we file annual, quarterly and current reports with respect to our business and operating results. The Sarbanes–Oxley Act and the rules subsequently implemented by the SEC and the national securities exchanges, establish certain requirements for the corporate governance practices of public companies. For example, as a result of becoming a public company, we have additional board committees and are required to maintain effective disclosure controls and procedures and internal control over financial reporting. In order to maintain and, if required, improve our disclosure controls and procedures and internal control over financial reporting to meet this standard, significant resources and management oversight are required. As a result, management’s attention has been and will continue to be diverted from other business concerns, which could harm our business and operating results.
Because we are a smaller reporting company, to date our independent registered public accounting firm has not been required to issue an attestation report regarding our internal control over financial reporting in the annual reports on Form 10–K that we file with the SEC, and we have been subject to scaled disclosure requirements. We will remain a smaller reporting company as long as of the end of our second fiscal quarter each year (i) the market value of our securities held by non-affiliates (“public float”) is below $250.0 million or (ii) we have annual revenues of less than $100.0 million and our public float is less than $700.0 million. If we cease to be a smaller reporting company, our expenses will further increase, and additional time will be required of our management to comply with those additional requirements.

Our substantial level of indebtedness could adversely affect our financial condition and prevent us from fulfilling our financial obligations.

As of December 31, 2019, we have $134.0 million in aggregate principal amount of long-term debt (excluding finance leases) outstanding, of which $126.8 million in aggregate principal amount has been classified as current in our consolidated balance sheets due to events of default under our credit facility and our senior loan facility and a cross default under the indenture governing our 2023 Notes as described above. Our high level of indebtedness could affect our operations in several ways, including the following:

- make it more difficult for us to satisfy our debt obligations and increase the risk that we may default on our debt obligations;
- require us to use a substantial portion of our cash flow from operations to service our existing indebtedness, which reduces the funds available for working capital, capital expenditures and other general corporate purposes;
- limit our ability to access the capital markets to raise capital on favorable terms or to obtain additional financing for working capital, capital expenditures, acquisitions, general corporate or other expenses or to refinance existing indebtedness;
- place restrictions on our ability to obtain additional financing, make investments, lease equipment, sell assets or engage in business combinations;
- heighten our vulnerability to downturns in our business, our industry or in the general economy and restrict us from exploiting business opportunities or making acquisitions;
- place us at a competitive disadvantage compared to those of our competitors with lower levels of indebtedness in relation to their overall size or less restrictive terms governing their indebtedness;
- limit management’s discretion in operating our business; and
- limit our flexibility in planning for, or reacting to, changes in our business, the industry in which we operate or the general economy.

Our ability to service our indebtedness will depend upon, among other things, our future financial and operating performance, which will be affected by a broad range of factors, including prevailing economic conditions and financial, business and other factors affecting us and our industry, many of which are beyond our control. If our operating results are not sufficient to service our existing and any future indebtedness, we will be forced to take actions such as reducing or delaying business activities or capital expenditures, selling assets or issuing equity, which could materially and adversely affect our financial condition, results of operations and cash flows. We may not be able to affect any of these actions on satisfactory terms or at all.

Despite our current level of indebtedness, we may still be able to incur substantially more debt. This could further exacerbate the risks associated with our substantial indebtedness.

We and our subsidiaries may be able to incur additional debt in the future, subject to certain limitations, including debt under our credit facility if we obtain the requisite approval of the lenders under such credit facility. If new debt is added to our current debt levels, the related risks that we now face could increase. Our level of indebtedness could, for instance, prevent us from engaging in transactions that might otherwise be beneficial to us or from making desirable capital expenditures. This could put us at a competitive disadvantage relative to other less leveraged competitors that have more cash flow to devote to their operations. In addition, the incurrence of additional indebtedness could make it more difficult to satisfy our existing financial obligations.
Our debt agreements impose or may impose significant operating and financial restrictions on us and our subsidiaries that may prevent us from pursuing certain business opportunities and restrict our ability to operate our business.

Our debt agreements contain covenants that restrict our and our restricted subsidiaries’ ability to take various actions, such as:

- selling certain assets, including capital stock of restricted subsidiaries;
- declaring or paying dividends on our common stock;
- making certain investments;
- incurring or guaranteeing additional indebtedness;
- prepaying subordinated indebtedness;
- creating or incurring liens;
- agreeing to payment restrictions affecting our restricted subsidiaries;
- consolidating, merging, selling or otherwise disposing of all or substantially all our assets;
- entering into transactions with affiliates;
- engaging in a business other than our current business and businesses related, ancillary or complementary, to our current businesses or immaterial businesses; and
- designating certain of our subsidiaries as unrestricted subsidiaries.

In addition, our debt agreements restrict us and our restricted subsidiaries from taking or omitting to take certain actions that would adversely affect or impair in any material respect the collateral securing our indebtedness.

We may be prevented from taking advantage of business opportunities that arise because of the limitations imposed on us by the restrictive covenants contained in our debt agreements. The requirement that we comply with these provisions may materially adversely affect our ability to plan for or react to market conditions, take advantage of business opportunities we believe to be desirable, obtain future financing, fund needed capital expenditures or withstand a continuing or future downturn in our business.

If we are unable to comply with the restrictions and covenants in our debt agreements, additional events of default may occur under the terms of such agreements, which could result in an acceleration of repayment.

If we are unable to comply with the restrictions and covenants in our debt agreements, additional events of default may occur under the terms of those agreements. Our ability to comply with these restrictions and covenants may be affected by circumstances beyond our control. As a result, we cannot assure investors that we will be able to comply with these restrictions and covenants. Without effective forbearance agreements, our debt holders may accelerate their respective loans and declare all amounts borrowed due and payable. Our debt agreements contain, and certain other contracts to which we are a party may also contain, cross–acceleration or cross–default provisions that may result in the underlying debt being accelerated and becoming due and payable.

If any of those events occur, our assets might not be sufficient to repay in full all our outstanding indebtedness and we may be unable to find alternative financing. Even if we could obtain alternative financing, it might not be on terms that are favorable or acceptable to us. Additionally, we may not be able to amend our debt agreements or obtain needed waivers on satisfactory terms or without incurring substantial costs. Failure to maintain existing or secure new financing could have a material adverse effect on our liquidity and financial position.
Risks Relating to Our Common Stock

Prices for our common stock may be volatile, and investors in our common stock could incur substantial losses.

Prices of our common stock, like that of the securities of other energy companies, have been and may continue to be highly volatile. Factors such as announcements concerning changes in prices of oil and natural gas, exploration and development activities, the availability of capital, our cash flow and liquidity situation and economic and other external factors, as well as quarterly or annual fluctuations in our financial results, may have a significant effect on the price of our common stock.

There are limited trading markets for our securities.

From time to time, there has been limited trading volume in our common stock. There can be no assurance that there will continue to be an active trading market for our common stock or that any securities research analysts will provide research coverage on our common stock. It is possible that such factors will adversely affect the market for our common stock.

In addition, there is currently no market for, and we do not intend to list, our outstanding warrants on any securities exchange or any automated dealer quotation system. Accordingly, there may not be development of, or liquidity in, any market for the warrants. If a market were to develop, the warrants could trade at prices that may be higher or lower than their initial price depending upon many factors, including the price of our common stock, prevailing interest rates, our operating results and markets for similar securities.

Ownership of our common stock is concentrated among our largest stockholders and their affiliates.

A small number of stockholders hold a majority of our common stock, warrants and 2023 Notes. These stockholders have influence over all matters that require approval by our stockholders, including the election of directors and approval of significant corporate transactions. This concentration of ownership may limit your ability to influence corporate matters, and as a result, actions may be taken that you may not view as beneficial. Furthermore, these stockholders may sell their shares of common stock at any time. Such sales could be substantial and adversely affect the market price of our common stock.

We do not intend to pay dividends on our common stock and, consequently, your only opportunity to achieve a return on your investment is if the price of our stock appreciates.

We do not plan to declare dividends on shares of our common stock in the foreseeable future. In addition, restrictive covenants in certain debt agreements to which we are, or may be, a party, may limit our ability to pay dividends or for us to receive dividends from our operating companies, any of which may negatively impact the trading price of our common stock. Consequently, investors must rely on sales of their shares of common stock after price appreciation, which may never occur, as the only way to realize a return on their investment.

Provisions of our certificate of incorporation and bylaws could discourage potential acquisition proposals and could deter or prevent a change in control.

Some provisions in our certificate of incorporation and bylaws, as well as Delaware statutes, may have the effect of delaying, deferring or preventing a change in control. These provisions, including those providing for the possible issuance of shares of our preferred stock and the right of the board of directors to amend the bylaws, may make it more difficult for other persons, without the approval of our board of directors, to make a tender offer or otherwise acquire a substantial number of shares of our common stock or to launch other takeover attempts that a stockholder might consider to be in his or her best interest. These provisions could limit the price that some investors might be willing to pay in the future for shares of our common stock.

Significant exercises of warrants or conversion of our 2023 Notes could adversely affect the market price of our common stock.

As of April 6, 2020, we had approximately 4.4 million shares of common stock outstanding; however, the total number of shares of our common stock issued and outstanding does not include approximately 5.7 million shares that may be issued upon the exercise of warrants (including warrants to be issued upon receipt of shareholder approval) or approximately 10.4 million shares issuable upon the conversion of our 2023 Notes. The exercise of warrants and the conversion of our 2023 Notes could adversely affect the price of our common stock, will reduce the percentage of common stock held by our current stockholders and may cause our current stockholders to suffer significant dilution, which may adversely affect the market price of our common stock.
We are currently not in compliance with the NASDAQ Capital Market listing standards. If our common stock is delisted, the market price and liquidity of our common stock and our ability to raise additional capital would be adversely impacted.

Our common stock is currently listed on the NASDAQ Capital Market (“NASDAQ”). Continued listing of a security on NASDAQ is conditioned upon compliance with various continued listing standards. On February 11, 2020, we received a notice (the “Notice”) from NASDAQ stating we were not in compliance with the minimum stockholders’ equity requirement under NASDAQ Listing Rule 5550(b)(1) for continued listing because our stockholders’ equity, as reported in our amended Annual Report on Form 10–K/A for the year ended December 31, 2018 and in our Quarterly Report on Form 10–Q for the quarter period ended September 30, 2019, was below the required minimum of $2.5 million.

The Notice has no immediate effect on our listing on the NASDAQ Capital Market. On February 25, 2020, we submitted a plan to regain compliance with the minimum stockholders’ equity requirement, and on March 10, 2020, we submitted requested follow–up information. If our plan to regain compliance is accepted, NASDAQ may grant an extension of up to 180 calendar days from the date of the Notice to evidence compliance (the “Compliance Period”).

There can be no assurance that our plan will be accepted or that if it is, we will be able to regain compliance by the end of the Compliance Period. If our plan to regain compliance is not accepted, or if it is and we do not regain compliance during the Compliance Period, or if we fail to satisfy another NASDAQ requirement for continued listing, NASDAQ could provide notice that our common stock will become subject to delisting. In such event, NASDAQ rules would permit us to appeal the decision to reject our proposed plan to regain compliance or any delisting determination to a NASDAQ Hearings Panel.

If our common stock was to be delisted from NASDAQ and was not otherwise listed or traded on another qualifying exchanges (such as the OTCQX Market or the OTCQB Market) for a period of five consecutive trading days, such event would constitute a “fundamental change” under the terms of the indentures governing our 2023 Notes. In such event, we would be required to provide notice to the holders of our 2023 Notes of such fundamental change and could be required, at the option of such holders, to repurchase all or a portion of their notes. A requirement by such holders for us to repurchase some or all of such notes for cash will have a material adverse effect on our business, financial condition and results of operations, including if we do not have sufficient funds or are otherwise unable to comply with such requirement in accordance with the indenture governing our 2023 Notes.

If our common stock was to be delisted from NASDAQ, trading of our common stock most likely would be conducted in the over–the–counter market on an electronic bulletin board established for unlisted securities such as the OTCQX Market, OTCQB Market or OTC Bulletin Board. Such trading would likely reduce the market liquidity of our common stock. As a result, an investor would find it more difficult to dispose of, or obtain accurate quotations for the price of, our common stock. If our common stock is delisted from NASDAQ and the trading price remains below $5.00 per share, trading in our common stock might also become subject to the requirements of certain rules promulgated under the Exchange Act, which require additional disclosure by broker–dealers in connection with any trade involving a stock defined as a “penny stock” (generally, any equity security not listed on a national securities exchange or quoted on NASDAQ that has a market price of less than $5.00 per share, subject to certain exceptions). Many brokerage firms are reluctant to recommend low–priced stocks to their clients. Moreover, various regulations and policies restrict the ability of stockholders to borrow against or “margin” low–priced stocks, and declines in the stock price below certain levels may trigger unexpected margin calls. Additionally, because brokers’ commissions on low–priced stocks generally represent a higher percentage of the stock price than commissions on higher priced stocks, the current price of the common stock can result in an individual stockholder paying transaction costs that represent a higher percentage of total share value than would be the case if our share price were higher. This factor may also limit the willingness of institutions to purchase our common stock. Finally, the additional burdens imposed upon broker–dealers by these requirements could discourage broker–dealers from facilitating trades in our common stock, which could severely limit the market liquidity of the stock and the ability of investors to trade our common stock. As a result, the ability of our stockholders to resell their shares of common stock, and the price at which they could sell their shares, could be adversely affected. The delisting of our stock from NASDAQ would also make it more difficult for us to raise additional capital.
ITEM 2. PROPERTIES

We lease space for our principal executive offices in Houston, Texas and Calgary, Alberta, Canada. We also lease numerous warehouse facilities and field offices throughout the geographic areas in which we operate. Our leased properties are subject to various lease terms and expirations.

As of December 31, 2019, our leased facilities categorized by geographic region are as follows:

<table>
<thead>
<tr>
<th>Location</th>
<th>Offices</th>
<th>Warehouses</th>
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<tbody>
<tr>
<td>North America:</td>
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<tr>
<td>United States</td>
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<td>5</td>
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<tr>
<td>Canada</td>
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<td>South America:</td>
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<tr>
<td>Asia Pacific:</td>
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<tr>
<td>Australia</td>
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<tr>
<td>Singapore</td>
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<tr>
<td>Other</td>
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</tr>
</tbody>
</table>

We believe all properties that we currently occupy are suitable for their intended use. We believe that our facilities are generally well maintained and adequate to meet our current and foreseeable requirements for the next several years.

ITEM 3. LEGAL PROCEEDINGS

Class Action Lawsuit

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.

Derivative Lawsuit

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.

30
Government Investigations

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.

Other

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.
ITEM 5. MARKET FOR REGISTRANT’S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Our common stock traded on the NASDAQ Capital Market under the symbol “SAEX.” At the close of business on April 6, 2020, based on information received from our transfer agent and brokers and nominees, we had approximately 134 holders of record of our common stock. This is not the actual number of beneficial owners of our common stock as some shares are held in “street names” by brokers and others on behalf of individual owners.

Dividend Policy

We have not declared or paid any cash dividends on our common stock, and we do not anticipate declaring or paying any cash dividends to holders of our common stock in the foreseeable future. The decision to pay dividends on our common stock is at the discretion of our board of directors and depends on our financial condition, results of operations, capital requirements and other factors that our board of directors deems relevant.

ITEM 7. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our financial condition and results of operations should be read in conjunction with “Item 8. Financial Statements and Supplementary Data” contained herein.

Overview

We are a full–service global provider of seismic data acquisition, logistical support and processing services to customers in the oil and natural gas industry. Our business activities are primarily conducted in North America, South America, Asia Pacific and West Africa. 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 logistical support and processing services. 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.

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 term 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.
As of December 31, 2019, we had approximately $203.1 million of backlog under contract, in addition to approximately $348.6 million of bids outstanding. Of the $203.1 million of backlog under contract, we expect $127.1 million to be completed in 2020. However, our project visibility has recently deteriorated. Due to the significant uncertainty in the outlook for oil and natural gas development as a result of the recent significant decline in oil prices since the beginning of 2020 due in part to failed OPEC negotiations and to concerns about the COVID–19 coronavirus pandemic and its impact on the worldwide economy and global demand for oil, certain of our scheduled and anticipated projects have recently been cancelled or delayed and there is no assurance as to when they may be reinitiated or awarded, if at all. We are unable to predict when market conditions may improve and worsening overall market conditions could result in reductions of backlog and bids outstanding. See “Liquidity and Capital Resources” contained herein for a discussion of how these developments have impacted our financial position, results of operations and cash flows.

Results of Operations

Net loss for 2019 was $22.6 million compared with $59.6 million for 2018. The significant factors in this change were an increase of $45.7 million in gross profit (loss) and a decrease of $2.8 million in operating expenses partially offset by increases of $3.2 million in other expense, net, and $8.3 million in income taxes.

Revenue from services for 2019 increased $156.6 million compared with 2018. In North America, revenue from services increased $55.0 million due to two large projects in Alaska in 2019 and an increase in market share in the contiguous United States due to the purchase of certain assets from Geokinetics, Inc. (“GEOK”) in July 2018.

Revenue from services for 2019 in South America increased $1.2 million compared with 2018 due to large projects in Bolivia and Brazil offset by a decrease in the work performed in Colombia. Activity in Colombia in 2019 continued to decrease when compared with 2018 due to a fewer number of active customers. Revenue from services in Asia Pacific increased $100.4 million due to projects in India, Malaysia and Dubai.

Gross profit (loss) for 2019 increased $45.7 million compared with 2018. Gross profit (loss) as a percentage of revenue from services was 17.5% for 2019 compared with 15.7% for 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.

Selling, general and administrative (“SG&A”) expenses for 2019 increased $3.6 million compared with 2018. The increase was primarily attributable to $11.5 million of costs related to the SEC and internal investigations and $1.1 million of additions to our provision for doubtful accounts, partially offset by a $10.2 million decrease in equity compensation costs.

Gain on sale of property and equipment for 2019 increased $5.7 million compared with 2018 primarily due to the recognition of a gain of $4.5 million related to the sale of substantially all of our assets in Australia in November 2019.

As previously disclosed, our former Chief Financial Officer and General Counsel misappropriated $0.3 million and $1.1 million in 2019 and 2018, respectively. For more information, see Note 21 contained herein.

Income taxes for 2019 increased $8.3 million compared with 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. Our effective tax rates in 2019 and 2018 were (56.8%) and 0.2%, respectively. Our effective tax rates differ from our U.S. statutory rate due to the effects of differences between U.S. and foreign tax rates, net of federal benefit, and recording of the valuation allowance against U.S. and foreign deferred tax assets.
Critical Accounting Policies

This discussion and analysis of our financial condition and results of operations is based upon information reported in our consolidated financial statements, which have been prepared in accordance with generally accepted accounting principles in the United States. The preparation of these consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosures about contingent assets and liabilities. Certain of our accounting policies involve estimates and assumptions to such an extent that there is reasonable likelihood that materially different amounts could have been reported under different conditions or if different assumptions had been used. We base these estimates and assumptions on historical experience and on various other information and assumptions that we believe to be reasonable at the time, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Estimates and assumptions about future events and their effects cannot be perceived with certainty and, accordingly, these estimates may change as additional information is obtained, as more experience is acquired, as our operating environment changes and as new events occur.

We have defined a critical accounting policy as one that is both important to the portrayal of either our financial condition and results of operations and requires us to make difficult, subjective or complex assumptions or estimates about matters that are uncertain. There are other policies within our consolidated financial statements that require us to make estimates and assumptions, but they are not deemed critical as defined above. We believe that the following are the critical accounting policies used in the preparation of our consolidated financial statements.

Revenue Recognition

Our services are provided under cancelable service contracts that typically have an original expected duration of one year or less. These contracts are either fixed price agreements that provide for a fixed fee per unit of measure (“Turnkey”) or variable price agreements that provide for a fixed hourly, daily or monthly fee during the term of the project (“Term”). Under both types of agreements, we recognize revenue as the services are performed. We recognize revenue based upon quantifiable measures of progress, such as square or linear kilometers surveyed, each unit of data recorded or other methods using the total estimated revenue for the service contract.

We receive reimbursements for certain out-of-pocket expenses under the terms of the service contracts. The amounts billed to clients are included at their gross amount in the total estimated revenue for the service contract.

Clients are billed as permitted by the service contract. Contract assets and contract liabilities are the result of timing differences between revenue recognition, billing and cash collections. If billing occurs prior to the revenue recognition or if billing exceeds the revenue recognized, the amount is considered deferred revenue and a contract liability. Conversely, if the revenue recognition exceeds the billing, the exceeded amount is considered unbilled receivable and a contract asset. As services are performed, those deferred revenue amounts are recognized as revenue.

In some instances, third party permitting, surveying, drilling, helicopter, equipment rental and mobilization costs that directly relate to the contract are utilized to fulfill the contract obligations. These fulfillment costs are capitalized and amortized consistent with how the related revenue is recognized unless we determine the costs are no longer recoverable, at which time they are expensed.

Estimates for our total revenue and total fulfillment cost on any service contract are based on significant qualitative and quantitative judgments. Our management considers a variety of factors such as whether various components of the performance obligation will be performed internally or externally, cost of third party services, and facts and circumstances unique to the performance obligation in making these estimates. As a significant change in one or more of these estimates could affect the profitability of our contracts, we review and update the estimates during each reporting period. We recognize these adjustments in revenues under the cumulative catch-up method which recognizes the impact of the adjustment on revenue to date in the period the adjustment is identified. Revenue in future periods of performance is recognized using the adjusted estimate.
Impairment of Long–Lived Assets

We assess our long–lived assets, such as property and equipment, multiclient seismic data library and intangible assets, for possible impairment whenever events or circumstances indicate that the recorded carrying value of the long–lived asset may not be recoverable. If the carrying amount of the long–lived asset exceeds the sum of the estimated undiscounted future net cash flows, we recognize an impairment loss equal to the difference between the carrying value and the fair value of the long–lived asset, which is estimated through various valuation techniques including discounted cash flow models, quoted market prices and third–party appraisals.

We assess our goodwill, all of which resides in our Canadian operations reporting unit (the “Reporting Unit”), at least annually for impairment, or more frequently if facts and circumstances indicate that it is more likely than not impairment has occurred. We have the option of performing either a qualitative or quantitative assessment to determine if impairment may have occurred. If the qualitative assessment indicates that it is more likely than not that the fair value of the Reporting Unit is less than its carrying amount, then we would be required to perform the two step impairment test.

Under the first step in the impairment test, we compare the fair value of the Reporting Unit with its carrying amount, including goodwill. If the carrying amount of the Reporting Unit exceeds its fair value, the second step of the goodwill impairment test is performed. Under the second step in the impairment test, the implied fair value of goodwill is compared with its carrying amount. The implied fair value of goodwill is calculated by subtracting the estimated fair values of the Reporting Unit’s assets net of liabilities from the fair value of the Reporting Unit. If the carrying amount of goodwill exceeds its implied fair value, an impairment loss shall be recognized in an amount equal to that excess.

We determine the fair value of the Reporting Unit using a combination of the market approach and the income approach. Under the market approach, the fair value of the Reporting Unit is based on the Guideline Public Company (“GPC”) methodology using GPCs that are considered to be similar to us and whose stock are actively traded. Under the income approach, the fair value of the Reporting Unit is based on the Guideline Public Company methodology using GPCs that are considered to be similar to us and whose stock are actively traded. Under the income approach, the fair value of the Reporting Unit is based on the expected present value of the future net cash flows. Significant assumptions associated with the calculation of the fair value include estimates of the appropriate valuation multiples for the GPCs, future prices and costs, appropriate risk–adjusted discount rates and other relevant data. Given the nature of these estimates and their application to specific assets and liabilities and time frames, it is not possible to reasonably quantify the impact of changes in these assumptions.

As of January 1, 2020, the second step in the impairment test has been eliminated. If a reporting unit’s carrying amount exceeds its fair value, an entity will now record an impairment charge based on that difference. The impairment charge will be limited to the amount of goodwill allocated to that reporting unit.

Income Taxes

We use the liability method to determine our income tax provisions, under which current and deferred tax liabilities and assets are recorded in accordance with enacted tax laws and rates. Under this method, the amounts of deferred tax liabilities and assets at the end of each period are determined using the tax rate expected to be in effect when taxes are actually paid or recovered. Valuation allowances are established to reduce deferred tax assets when it is more likely than not that some portion or all of the deferred tax assets will not be realized. In determining the need for valuation allowances, we have considered and made judgments and estimates regarding estimated future taxable income and ongoing prudent and feasible tax planning strategies. These estimates and judgments include some degree of uncertainty and changes in these estimates and assumptions could require us to adjust the valuation allowances for our deferred tax assets. The ultimate realization of the deferred tax assets depends on the generation of sufficient taxable income in the applicable taxing jurisdictions.

We are subject to the jurisdiction of various domestic and foreign tax authorities. Our operations in these different jurisdictions are taxed on various bases and determination of taxable income in any jurisdiction requires the interpretation of the related tax laws and regulations and the use of estimates and assumptions regarding significant future events such as the amount, timing and character of deductions, permissible revenue recognition methods under the tax law and the sources and character of income and tax credits. Changes in tax laws, regulations, agreements and treaties, or our level of operations or profitability in each taxing jurisdiction could have an impact on the amount of income taxes that we pay during any given year.
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.

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 2020 will not exceed $3.0 million. 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 of December 31, 2019, we had cash and cash equivalents and working capital of $5.4 million and $(89.2) million, respectively, compared with $7.6 million and $4.8 million, respectively, as of December 31, 2018. The decrease in working capital was primarily related to the reclassification of $112.4 million of long–term debt as current in our consolidated balance sheets due to the events of default under our credit facility and our senior loan facility and a cross default under the indenture governing our 2023 Notes described above, partially offset by increases of $25.1 million in accounts receivable, net, and deferred costs on contracts.

We have been notified by the operator that contracts to acquire seismic data offshore West Africa, valued at approximately $42 million, were terminated due to uncertainty on government restrictions on operations during the COVID–19 coronavirus pandemic. In addition, other scheduled and anticipated projects have been delayed and there is no assurance as to when they may resume, if at all. We are also unable to predict when industry market conditions may improve. Our senior loan facility matures in January 2021 and to date, we have been unable to negotiate an extension of the maturity date with our debt holders. If we are unable to extend or otherwise address the maturity date of the senior loan facility, we expect that we will be unable to repay the senior loan facility when due in January 2021.

In addition, since February 2020, we have been engaged in discussions with the holders of the indebtedness outstanding under our credit facility, senior loan facility and 2023 Notes to extend the January 2021 maturity date of our senior loan facility. The COVID–19 coronavirus pandemic has delayed the determination by certain debt holders as to whether to extend the maturity date of our senior loan facility, as such debt holders require additional analysis and information to make that determination due to the circumstances related to the COVID–19 coronavirus pandemic.
Our management continues to: (i) discuss with our debt holders an extension of the maturity date of the senior loan facility and waivers of the events of default due to the inclusion of an explanatory paragraph raising substantial doubt about our ability to continue as a going concern in the report of our independent registered public accounting firm on our financial statements included in this Annual Report on Form 10–K; (ii) seek to obtain additional financing through the issuance of debt or equity securities; and (iii) manage operating costs by actively pursuing cost cutting measures to maximize liquidity consistent with current industry market expectations. To assist us in managing our operating costs, our Board of Directors has reduced its cash compensation by 10%, effective beginning with the second quarter of 2020, until further notice. There is no assurance that we will be successful in extending the maturity date of the senior loan facility or obtaining additional financing on satisfactory terms or at all. In addition, there is no assurance that any such financing, if obtained, will be adequate to meet our needs and support our working capital needs. Based on the uncertainty of achieving these goals and the significance of the factors described, there is substantial doubt as to our ability to continue as a going concern for a period of 12 months after the date our financial statements included in this Annual Report on Form 10–K are issued.

Accordingly, our independent registered public accounting firm included an explanatory paragraph in their report accompanying our consolidated financial statements included in this Annual Report on Form 10–K, which results in events of default under our credit facility and our senior loan facility, and a cross default under the indenture governing our 2023 Notes. As a result of such events of default, we are unable to borrow additional amounts under our credit facility without the requisite approval of the lenders under such credit facility. We have entered into forbearance agreements with respect to our credit facility, senior loan facility and 2023 Notes, whereby the holders of the indebtedness thereunder have agreed to refrain from exercising their rights and remedies with respect to these existing defaults and other events of default that have occurred and are continuing as further specified in the forbearance agreements until 5:00 p.m. (New York City time) on the earlier of (i) May 31, 2020 and (ii) the date the forbearance agreements otherwise terminate in accordance with their terms. If we are unable to obtain waivers of the events of default, our debt holders may take action to accelerate the maturity date of the applicable debt and exercise their other respective rights and remedies, such as foreclosure, among other things. In that event, our debt holders would likely be entitled to the first proceeds of the sale of our assets and the holders of our securities may lose some or all of their investment.

As a result of the foregoing factors, we have initiated a process to analyze and evaluate various strategic alternatives to address our capital structure and to position us for future success. To assist us in analyzing and evaluating these alternatives, we have retained Imperial Capital, LLC as our financial advisor. We do not intend to disclose or comment on developments related to our review until such time as we have determined that further disclosure is necessary or appropriate. There can be no assurance that our analysis and evaluation will result in the identification or completion of any strategic alternative, or any assurance as to its outcome or timing.

Long–term Debt

As of December 31, 2019, we have $134.0 million in aggregate principal amount of long–term debt (excluding finance leases) outstanding. For additional information about our long–term debt, please see “Item 8. Financial Statements and Supplementary Data” contained herein.

Cash Flows

Cash flows provided by (used in) by type of activity were as follows for the years ended December 31 (in thousands):

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating activities</td>
<td>(14,880)</td>
<td>(30,143)</td>
</tr>
<tr>
<td>Investing activities</td>
<td>1,206</td>
<td>(22,181)</td>
</tr>
<tr>
<td>Financing activities</td>
<td>11,352</td>
<td>56,774</td>
</tr>
</tbody>
</table>

Operating Activities

Cash flows from operating activities for 2019 increased $15.3 million when compared with 2018. The significant factor in the change was the decrease in our net loss.
Investing Activities

In 2019 and 2018, cash flows provided by (used in) investing activities consisted of $3.8 million and $1.3 million, respectively, to maintain, expand and upgrade our seismic data acquisition capabilities and $0.4 million and $0.8 million, respectively, from the sale of excess property and equipment. In 2019, we also received cash of $4.6 million from the sale of substantially all our assets in Australia. In 2018, we also paid $21.7 million for the acquisition of certain assets from GEOK.

Financing Activities

In 2019, cash flows provided by financing activities consisted of $22.7 million of long–term debt borrowings offset by $7.8 million of long–term debt repayments, $3.0 million of distributions to our noncontrolling interest, $0.4 million for the purchase of treasury stock and $0.2 million for debt issuance costs. In 2018, cash flows provided by financing activities consisted of $123.4 million of long–term debt borrowings offset by $59.2 million of long–term debt repayments, $2.7 million of debt issuance costs, $1.7 million of stock issuance costs, $1.8 million for the purchase of treasury stock and $1.2 million of distributions to our noncontrolling interest.

Off–Balance Sheet Arrangements

As of December 31, 2019, we did not have any off–balance sheet arrangements.

Recently Issued Accounting Pronouncements

Please see “Item 8. Financial Statements and Supplementary Data” contained herein for additional information.
REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and
Stockholders of SAExploration Holdings, Inc.: 

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of SAExploration Holdings, Inc. (a Delaware corporation) and subsidiaries (the “Company”) as of December 31, 2019 and 2018, and the related consolidated statements of operations, comprehensive loss, changes in stockholders’ deficit, and cash flows for each of the years in the two-year period ended December 31, 2019, and the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and the results of its operations and its cash flows for each of the years in the two-year period ended December 31, 2019, in conformity with accounting principles generally accepted in the United States of America.

Going Concern Uncertainty

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the consolidated financial statements, the Company has experienced recurring losses from operations and has been unable to renegotiate its expiring senior loan facility which raises substantial doubt about its ability to continue as a going concern. Management’s plans in regard to these matters are also described in Note 2. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Changes in Accounting Principles

As discussed in Note 3 to the consolidated financial statements, in the first quarter of 2019, the Company changed its method of accounting for leases due to the adoption of Accounting Standards Update 2016–02, Leases.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Pannell Kerr Forster of Texas, P.C.

We have served as the Company’s auditor since 2014.

Houston, Texas
April 13, 2020
SAExploration Holdings, Inc.
Consolidated Balance Sheets
(In thousands, except share and per share amounts)

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$5,441</td>
<td>$7,579</td>
</tr>
<tr>
<td>Restricted cash</td>
<td>74</td>
<td>271</td>
</tr>
<tr>
<td>Accounts receivable, net</td>
<td>51,582</td>
<td>26,463</td>
</tr>
<tr>
<td>Deferred costs on contracts</td>
<td>14,966</td>
<td>3,746</td>
</tr>
<tr>
<td>Prepaid expenses and other current assets</td>
<td>5,324</td>
<td>2,843</td>
</tr>
<tr>
<td>Total current assets</td>
<td>77,387</td>
<td>40,902</td>
</tr>
<tr>
<td>Property and equipment, net</td>
<td>37,289</td>
<td>35,334</td>
</tr>
<tr>
<td>Multiclient seismic data library, net</td>
<td>2,719</td>
<td>4,733</td>
</tr>
<tr>
<td>Operating lease right-of-use assets</td>
<td>6,421</td>
<td>—</td>
</tr>
<tr>
<td>Goodwill</td>
<td>1,766</td>
<td>1,687</td>
</tr>
<tr>
<td>Intangible assets, net</td>
<td>3,751</td>
<td>4,066</td>
</tr>
<tr>
<td>Tax credits receivable, net</td>
<td>12,104</td>
<td>13,198</td>
</tr>
<tr>
<td>Deferred income taxes</td>
<td>—</td>
<td>2,160</td>
</tr>
<tr>
<td>Other assets</td>
<td>778</td>
<td>267</td>
</tr>
<tr>
<td>Total assets</td>
<td>$142,215</td>
<td>$102,347</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES AND STOCKHOLDERS’ DEFICIT</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>$30,966</td>
<td>$10,103</td>
</tr>
<tr>
<td>Accrued liabilities</td>
<td>6,034</td>
<td>10,498</td>
</tr>
<tr>
<td>Income and other taxes payable</td>
<td>5,902</td>
<td>3,331</td>
</tr>
<tr>
<td>Operating lease liabilities</td>
<td>2,576</td>
<td>—</td>
</tr>
<tr>
<td>Current portion of long-term debt</td>
<td>112,401</td>
<td>7,837</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>8,724</td>
<td>4,357</td>
</tr>
<tr>
<td>Total current liabilities</td>
<td>166,603</td>
<td>36,126</td>
</tr>
<tr>
<td>Long-term debt</td>
<td>7,145</td>
<td>83,205</td>
</tr>
<tr>
<td>Other long-term liabilities</td>
<td>4,280</td>
<td>380</td>
</tr>
<tr>
<td>Commitments and contingencies</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stockholders’ deficit:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Common stock</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Additional paid-in capital</td>
<td>240,068</td>
<td>232,661</td>
</tr>
<tr>
<td>Accumulated deficit</td>
<td>(274,535)</td>
<td>(249,349)</td>
</tr>
<tr>
<td>Accumulated other comprehensive loss</td>
<td>(2,912)</td>
<td>(3,035)</td>
</tr>
<tr>
<td>‘Treasury stock</td>
<td>(2,232)</td>
<td>(1,866)</td>
</tr>
<tr>
<td>SAEExploration stockholders’ deficit</td>
<td>(39,611)</td>
<td>(21,589)</td>
</tr>
<tr>
<td>Noncontrolling interest</td>
<td>3,798</td>
<td>4,225</td>
</tr>
<tr>
<td>Total stockholders’ deficit</td>
<td>(35,813)</td>
<td>(17,364)</td>
</tr>
<tr>
<td>Total liabilities and stockholders’ deficit</td>
<td>$142,215</td>
<td>$102,347</td>
</tr>
</tbody>
</table>

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

40
<table>
<thead>
<tr>
<th>Description</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue from services</td>
<td>$255,234</td>
<td>$98,670</td>
</tr>
<tr>
<td>Cost of services</td>
<td>197,651</td>
<td>87,601</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>13,028</td>
<td>12,207</td>
</tr>
<tr>
<td>Gross profit (loss)</td>
<td>44,555</td>
<td>(1,138)</td>
</tr>
<tr>
<td>Operating expenses:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Selling, general and administrative expenses</td>
<td>44,936</td>
<td>41,225</td>
</tr>
<tr>
<td>Misappropriation of funds</td>
<td>328</td>
<td>1,080</td>
</tr>
<tr>
<td>(Gain) loss on sale of property and equipment</td>
<td>(5,420)</td>
<td>288</td>
</tr>
<tr>
<td>Total operating expenses</td>
<td>39,844</td>
<td>42,593</td>
</tr>
<tr>
<td>Operating income (loss)</td>
<td>4,711</td>
<td>(43,731)</td>
</tr>
<tr>
<td>Other (expense) income, net</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest expense, net</td>
<td>(14,660)</td>
<td>(13,858)</td>
</tr>
<tr>
<td>Loss on extinguishment of long-term debt</td>
<td>(6,976)</td>
<td>—</td>
</tr>
<tr>
<td>Foreign exchange loss, net</td>
<td>(436)</td>
<td>(3,417)</td>
</tr>
<tr>
<td>Other income, net</td>
<td>2,935</td>
<td>1,326</td>
</tr>
<tr>
<td>Total other expense, net</td>
<td>(19,137)</td>
<td>(15,949)</td>
</tr>
<tr>
<td>Loss before income taxes</td>
<td>(14,426)</td>
<td>(59,680)</td>
</tr>
<tr>
<td>Income taxes</td>
<td>8,187</td>
<td>(120)</td>
</tr>
<tr>
<td>Net loss</td>
<td>(22,613)</td>
<td>(59,560)</td>
</tr>
<tr>
<td>Less: net income attributable to noncontrolling interest</td>
<td>2,573</td>
<td>905</td>
</tr>
<tr>
<td>Net loss attributable to SAExploration</td>
<td>$25,186</td>
<td>$60,465</td>
</tr>
<tr>
<td>Basic and diluted loss per common share</td>
<td>$.317</td>
<td>$.329</td>
</tr>
<tr>
<td>Weighted average common shares outstanding (basic and diluted)</td>
<td>7,951</td>
<td>3,448</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these consolidated financial statements.
## Consolidated Statements of Comprehensive Loss

### (In thousands)

<table>
<thead>
<tr>
<th></th>
<th>Year Ended December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2019</td>
</tr>
<tr>
<td>Net loss</td>
<td>$(22,613)</td>
</tr>
<tr>
<td>Other comprehensive income:</td>
<td></td>
</tr>
<tr>
<td>Foreign currency translation adjustment</td>
<td>123</td>
</tr>
<tr>
<td>Comprehensive loss</td>
<td>(22,490)</td>
</tr>
<tr>
<td>Less: comprehensive income attributable to noncontrolling interest</td>
<td>2,573</td>
</tr>
<tr>
<td>Comprehensive loss attributable to SAExploration</td>
<td>$(25,063)</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these consolidated financial statements.
### Consolidated Statements of Changes in Stockholders’ Deficit (In thousands)

<table>
<thead>
<tr>
<th>Common Stock</th>
<th>Additional Paid-In Capital</th>
<th>Accumulated Other Comprehensive Loss</th>
<th>Accumulated Deficit</th>
<th>Treasury Stock</th>
<th>SAExploration Stockholders’ Deficit</th>
<th>Noncontrolling Interest</th>
<th>Total Stockholders’ Deficit</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$133,142</td>
<td>$158,110</td>
<td>$1,087</td>
<td>$111</td>
<td>$60,635</td>
<td>$4,250</td>
</tr>
<tr>
<td>Adoption of ASU 2016-16</td>
<td>—</td>
<td>—</td>
<td>294</td>
<td>—</td>
<td>294</td>
<td>294</td>
<td>294</td>
</tr>
<tr>
<td>Net (loss) income</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(60,485)</td>
<td>805</td>
<td>(50,560)</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>2,047</td>
<td>2,047</td>
<td>2,047</td>
</tr>
<tr>
<td>Equity-based compensation cost</td>
<td>—</td>
<td>10,131</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>10,131</td>
<td>—</td>
</tr>
<tr>
<td>Purchase of treasury stock</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(1,753)</td>
<td>(1,753)</td>
<td>—</td>
</tr>
<tr>
<td>Common stock issued in debt exchange</td>
<td>—</td>
<td>472</td>
<td>—</td>
<td>—</td>
<td>472</td>
<td>472</td>
<td>472</td>
</tr>
<tr>
<td>Discount on Series A preferred stock issued in debt exchange</td>
<td>—</td>
<td>61,971</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>61,971</td>
<td>—</td>
</tr>
<tr>
<td>Accretion of discount on Series A preferred stock</td>
<td>—</td>
<td>(61,971)</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(61,971)</td>
<td>—</td>
</tr>
<tr>
<td>Conversion of Series A preferred stock</td>
<td>—</td>
<td>21,376</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>21,376</td>
<td>—</td>
</tr>
<tr>
<td>Conversion of Series A preferred stock</td>
<td>—</td>
<td>(1,542)</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(1,542)</td>
<td>—</td>
</tr>
<tr>
<td>Common stock and Series E warrants issued in conversion of Series A preferred stock</td>
<td>—</td>
<td>54,045</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>54,045</td>
<td>—</td>
</tr>
<tr>
<td>Series B preferred stock issued in debt exchange</td>
<td>—</td>
<td>10,791</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>10,791</td>
<td>—</td>
</tr>
<tr>
<td>Discount on Series B preferred stock issued in debt exchange</td>
<td>—</td>
<td>(10,791)</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(10,791)</td>
<td>—</td>
</tr>
<tr>
<td>Accretion of discount on Series B preferred stock</td>
<td>—</td>
<td>10,791</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>10,791</td>
<td>—</td>
</tr>
<tr>
<td>Conversion of Series B preferred stock</td>
<td>—</td>
<td>22,081</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>22,081</td>
<td>—</td>
</tr>
<tr>
<td>Common stock and Series D warrants issued in conversion of Series B preferred stock</td>
<td>—</td>
<td>22,081</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>22,081</td>
<td>—</td>
</tr>
<tr>
<td>Conversion of Series D warrants issued in debt exchange</td>
<td>—</td>
<td>4,810</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>4,810</td>
<td>—</td>
</tr>
<tr>
<td>Stock issuance costs</td>
<td>—</td>
<td>(1,026)</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(1,026)</td>
<td>—</td>
</tr>
<tr>
<td>Conversion option related to 6% convertible notes due 2023, net of allocated costs</td>
<td>—</td>
<td>15,361</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>15,361</td>
<td>—</td>
</tr>
<tr>
<td>Distribution to noncontrolling interest</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(1,250)</td>
<td>—</td>
</tr>
<tr>
<td>Balances at December 31, 2018</td>
<td>$232,065</td>
<td>249,549</td>
<td>1,015</td>
<td>1,866</td>
<td>(21,585)</td>
<td>4,225</td>
<td>17,364</td>
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<tr>
<td>Net (loss) income</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(25,185)</td>
<td>2,019</td>
<td>—</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>123</td>
<td>123</td>
<td>—</td>
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<tr>
<td>Equity-based compensation cost</td>
<td>—</td>
<td>(67)</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(67)</td>
<td>—</td>
</tr>
<tr>
<td>Purchase of treasury stock</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(366)</td>
<td>(366)</td>
<td>—</td>
</tr>
<tr>
<td>Series F warrants issued in extinguishment of long-term debt</td>
<td>—</td>
<td>6,896</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>6,896</td>
<td>—</td>
</tr>
<tr>
<td>Distribution to noncontrolling interest</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(3,000)</td>
<td>—</td>
</tr>
<tr>
<td>Balances at December 31, 2019</td>
<td>$240,069</td>
<td>274,505</td>
<td>2,932</td>
<td>(2,250)</td>
<td>(19,014)</td>
<td>3,798</td>
<td>—</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these consolidated financial statements.
SAExploration Holdings, Inc.
Consolidated Statements of Cash Flows
(In thousands)

<table>
<thead>
<tr>
<th>Year Ended December 31</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flows from operating activities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net loss</td>
<td>$(22,613)</td>
<td>$(59,560)</td>
</tr>
<tr>
<td>Adjustments to reconcile net loss to net cash used in operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>13,625</td>
<td>12,660</td>
</tr>
<tr>
<td>Tax credits used to offset production taxes</td>
<td>1,094</td>
<td>1,443</td>
</tr>
<tr>
<td>Reserve for potential tax credits monetization</td>
<td>—</td>
<td>1,700</td>
</tr>
<tr>
<td>Reserve for doubtful accounts</td>
<td>1,722</td>
<td>536</td>
</tr>
<tr>
<td>Equity-based compensation cost</td>
<td>(67)</td>
<td>10,131</td>
</tr>
<tr>
<td>(Gain) loss on sale of property and equipment</td>
<td>(5,420)</td>
<td>288</td>
</tr>
<tr>
<td>Amortization of loan issuance costs and debt discounts</td>
<td>3,832</td>
<td>5,565</td>
</tr>
<tr>
<td>Loss (gain) on extinguishment of long-term debt</td>
<td>6,976</td>
<td>(53)</td>
</tr>
<tr>
<td>Unrealized loss on foreign currency transactions</td>
<td>78</td>
<td>3,333</td>
</tr>
<tr>
<td>Deferred income taxes</td>
<td>2,147</td>
<td>215</td>
</tr>
<tr>
<td><strong>Changes in operating assets and liabilities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>(25,800)</td>
<td>(12,761)</td>
</tr>
<tr>
<td>Deferred costs on contracts</td>
<td>(11,198)</td>
<td>(2,070)</td>
</tr>
<tr>
<td>Prepaid expenses and other current assets</td>
<td>(2,554)</td>
<td>868</td>
</tr>
<tr>
<td>Tax credits receivable</td>
<td>—</td>
<td>2,748</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>20,820</td>
<td>5,817</td>
</tr>
<tr>
<td>Accrued liabilities</td>
<td>(4,024)</td>
<td>4,270</td>
</tr>
<tr>
<td>Income and other taxes payable</td>
<td>2,615</td>
<td>(5,018)</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>4,346</td>
<td>83</td>
</tr>
<tr>
<td>Other, net</td>
<td>(459)</td>
<td>(338)</td>
</tr>
<tr>
<td><strong>Net cash used in operating activities</strong></td>
<td>$(14,880)</td>
<td>$(30,143)</td>
</tr>
</tbody>
</table>

| **Cash flows from investing activities:** |        |        |
| Asset purchase | —  | (21,749) |
| Purchase of property and equipment | (3,826)  | (1,262) |
| Proceeds from sale of property and equipment | 5,032  | 830 |
| **Net cash provided by (used in) investing activities** | 1,206  | (22,181) |

| **Cash flows from financing activities:** |        |        |
| Long-term debt repayments | (7,836)  | (59,207) |
| Long-term debt borrowings | 22,666  | 123,411 |
| Debt issuance costs | (212)  | (2,715) |
| Proceeds from issuance of common stock | 100  | — |
| Stock issuance costs | —  | (1,712) |
| Purchase of treasury stock | (366)  | (1,753) |
| Distribution to noncontrolling interest | (3,000)  | (1,250) |
| **Net cash provided by financing activities** | 11,352  | 56,774 |

| **Effect of exchange rate changes on cash, cash equivalents and restricted cash** | 13  | (334) |
| **Net change in cash, cash equivalents and restricted cash** | (2,335)  | 4,116 |
| **Cash, cash equivalents and restricted cash at the beginning of year** | 7,850  | 3,734 |
| **Cash, cash equivalents and restricted cash at the end of year** | $5,515  | $7,850 |

The accompanying notes are an integral part of these consolidated financial statements.
NOTE 1. ORGANIZATION AND NATURE OF BUSINESS

SAExploration Holdings, Inc. (“we,” “our” or “us”) is a full-service provider of seismic data acquisition, logistical support and processing services in North America, South America, Asia Pacific and West Africa 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.

NOTE 2. GOING CONCERN UNCERTAINTY

Our audited consolidated financial statements for the year ended December 31, 2019 have been prepared on a going concern basis in accordance with generally accepted accounting principles in the United States. The going concern basis assumes that we will continue in operation for the next 12 months and will be able to realize our assets and discharge our liabilities and commitments in the normal course of business. Thus, our consolidated financial statements do not include any adjustments that might be necessary if we are unable to continue as a going concern.

Our recurring losses, negative cash flows from operating activities, stockholders’ deficit, need for additional financing and the uncertainties surrounding our ability to obtain such financing, raise substantial doubt about our ability to continue as a going concern. We anticipate negative cash flows from operating activities to continue for the foreseeable future due to, among other things, the significant uncertainty in the outlook for oil and natural gas development as a result of the recent significant decline in oil prices since the beginning of 2020 due in part to failed OPEC negotiations and to concerns about the COVID-19 coronavirus pandemic and its impact on the worldwide economy and global demand for oil. We were recently notified that contracts to acquire seismic data offshore West Africa, valued at approximately $42 million, were terminated by the operator presumably due to uncertainty on government restrictions on operations during the COVID-19 coronavirus pandemic. In addition, other scheduled and anticipated projects have been delayed and there is no assurance as to when they may resume, if at all. We are also unable to predict when industry market conditions may improve. Our senior loan facility matures in January 2021 and to date, we have been unable to negotiate an extension of the maturity date with our debt holders. If we are unable to extend or otherwise address the maturity date of the senior loan facility, we expect that we will be unable to repay the senior loan facility when due in January 2021.

In addition, since February 2020, we have been engaged in discussions with the holders of the indebtedness outstanding under our credit facility, senior loan facility and 2023 Notes to extend the January 2021 maturity date of our senior loan facility. The COVID-19 coronavirus pandemic has delayed the determination by certain debt holders as to whether to extend the maturity date of our senior loan facility, as such debt holders require additional analysis and information to make that determination due to the circumstances related to the COVID-19 coronavirus pandemic.

Our management continues to: (i) discuss with our debt holders an extension of the maturity date of the senior loan facility and waivers of the events of default due to the inclusion of an explanatory paragraph raising substantial doubt about our ability to continue as a going concern in the report of our independent registered public accounting firm on our financial statements included in this Annual Report on Form 10–K; (ii) seek to obtain additional financing through the issuance of debt or equity securities; and (iii) manage operating costs by actively pursuing cost cutting measures to maximize liquidity consistent with current industry market expectations. There is no assurance that we will be successful in extending the maturity date of the senior loan facility or obtaining additional financing on satisfactory terms or at all. In addition, there is no assurance that any such financing, if obtained, will be adequate to meet our needs and support our working capital needs.

Based on the uncertainty of achieving these goals and the significance of the factors described, there is substantial doubt as to our ability to continue as a going concern for a period of 12 months after the date our consolidated financial statements included in this Annual Report on Form 10–K are issued. If we become unable to continue as a going concern, we may have to liquidate our assets, and potentially realize significantly less than the values at which they are carried on our financial statements, and the holders of our securities could lose all or part of their investment. Accordingly, our independent registered public accounting firm included an explanatory paragraph in their report accompanying our consolidated financial statements included in this Annual Report on Form 10-K.
NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Our consolidated financial statements include our accounts and those of our subsidiaries which are wholly–owned, controlled by us or a variable interest entity (“VIE”) where we are the primary beneficiary. All intercompany accounts and transactions have been eliminated in consolidation. The noncontrolling interest attributed to these entities, if any, are presented as “Noncontrolling interest” on our consolidated balance sheets and “Net income attributable to noncontrolling interest” on our consolidated statements of operations.

In the Notes to Consolidated Financial Statements, except for Note 15 and Note 22, all dollar and share amounts in tabulations are in thousands of dollars and shares, respectively, unless otherwise indicated.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and judgments that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. We base our estimates and judgments on historical experience and on various other assumptions and information that are believed to be reasonable under the circumstances. Estimates and assumptions about future events and their effects cannot be perceived with certainty and, accordingly, these estimates may change as new events occur, as more experience is acquired, as additional information is obtained and as our operating environment changes. While we believe that the estimates and assumptions used in the preparation of the consolidated financial statements are appropriate, actual results could materially differ from those estimates.

Cash and Cash Equivalents

We consider all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents. All our cash and cash equivalents are maintained with several major financial institutions. Deposits with these financial institutions may exceed the amount of insurance provided on such deposits; however, we have not experienced any losses in such accounts and we believe we are not exposed to any significant default risk.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are recorded at the invoiced amount and do not bear interest. We monitor our customers’ payment history and current credit worthiness to determine that collectability is reasonably assured. We also consider the overall business climate in which our customers operate. We utilize the specific identification method for establishing and maintaining the allowance for doubtful accounts. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote.

Property and Equipment

Property and equipment is capitalized at historical cost or the relative fair value of assets acquired (see Note 4) and is depreciated using the straight–line method based on estimated economic lives. We expense costs for maintenance and repairs in the period incurred. Significant improvements and betterments are capitalized if they extend the useful life of the asset.

Multiclient Seismic Data Library

Alaskan Seismic Ventures, LLC (“ASV”), a related party VIE (see Note 13) that we consolidate, maintains a multiclient seismic data library that consists of completed seismic surveys that are primarily licensed on a nonexclusive basis. ASV capitalized costs directly incurred in acquiring and processing the multiclient seismic data and expenses these costs based on the percentage of the total costs to the estimated total revenue that ASV expects to receive from the sales of such data. However, under no circumstances will an individual survey carry a net book value greater than a five year, straight–line amortized value.
Impairment of Long-Lived Assets

We assess our long-lived assets, such as property and equipment, multiclient seismic data library and intangible assets, for possible impairment whenever events or circumstances indicate that the recorded carrying value of the long-lived asset may not be recoverable. If the carrying amount of the long-lived asset exceeds the sum of the estimated undiscounted future net cash flows, we recognize an impairment loss equal to the difference between the carrying value and the fair value of the long-lived asset, which is estimated through various valuation techniques including discounted cash flow models, quoted market prices and third-party appraisals.

We assess our goodwill, all of which resides in our Canadian operations reporting unit (the “Reporting Unit”), at least annually for impairment, or more frequently if facts and circumstances indicate that it is more likely than not impairment has occurred. We have the option of first performing a qualitative assessment to determine if impairment may have occurred. If the qualitative assessment indicates that it is more likely than not that the fair value of the Reporting Unit is less than its carrying amount, then we would be required to perform the two-step impairment test.

Under the first step in the impairment test, we compare the fair value of the Reporting Unit with its carrying amount, including goodwill. If the carrying amount of the Reporting Unit exceeds its fair value, the second step of the goodwill impairment test is performed. Under the second step in the impairment test, the implied fair value of goodwill is compared with its carrying amount. The implied fair value of goodwill is calculated by subtracting the estimated fair values of the Reporting Unit’s assets net of liabilities from the fair value of the Reporting Unit. If the carrying amount of goodwill exceeds its implied fair value, an impairment loss shall be recognized in an amount equal to that excess.

We determine the fair value of the Reporting Unit using a combination of the market approach and the income approach. Under the market approach, the fair value of the Reporting Unit is based on the Guideline Public Company (“GPC”) methodology using GPCs that are considered to be similar to us and whose stock are actively traded. Under the income approach, the fair value of the Reporting Unit is based on the expected present value of the future net cash flows.

Tax Credits Receivable

The State of Alaska offers tax credits as incentives for oil and natural gas exploration and development. The tax credits are based on costs incurred by the explorer, and the tax credits must be approved by the Alaska Department of Revenue (the “DOR”). ASV earned tax credits related to the costs incurred in obtaining the data for its multiclient seismic data library. After the tax credit applications were submitted to and approved by the DOR, ASV recorded the tax credits as an offset to the capitalized costs of the multiclient seismic data library as the incentive’s usage is consistent with usage of the multiclient seismic data library.

Future sales of licenses related to the multiclient seismic data library are subject to a 35% production tax by the State of Alaska. These production taxes are expensed in the period incurred and can be satisfied either through the usage of tax credits or, if there are no tax credits available, a cash payment. In 2019 and 2018, ASV used $1.1 million and $1.4 million, respectively, of tax credits to satisfy ASV’s production tax liability.

The State of Alaska also allows for any unused tax credits to be purchased for cash from the State of Alaska (if and when funds are allocated for the purchase) or transferred or sold to other third parties to utilize against their production taxes.

Treasury Stock

We record the repurchase of shares of our common stock at cost based on the settlement date of the transaction. These repurchased shares are classified as treasury stock on our consolidated balance sheets. Shares of treasury stock are included in our authorized and issued shares but excluded from outstanding shares.

Variable Interest Entities

A VIE is defined as an entity in which equity investors do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. We consolidate a VIE when we are the primary beneficiary of such VIE. As primary beneficiary, we have both the power to direct the activities that most significantly impact the economic performance of the VIE and a right to receive benefits or absorb losses of the entity that could be potentially significant to the VIE. We reconsider our evaluation of whether to consolidate a VIE each reporting period based upon changes in the facts and circumstances pertaining to the VIE.
Revenue Recognition

Our services are provided under cancelable service contracts that typically have an original expected duration of one year or less. These contracts are either fixed price agreements that provide for a fixed fee per unit of measure (“Turnkey”) or variable price agreements that provide for a fixed hourly, daily or monthly fee during the term of the project (“Term”). Under both types of agreements, we recognize revenue as the services are performed. We recognize revenue based upon quantifiable measures of progress, such as square or linear kilometers surveyed, each unit of data recorded or other methods using the total estimated revenue for the service contract.

We receive reimbursements for certain out–of–pocket expenses under the terms of the service contracts. The amounts billed to clients are included at their gross amount in the total estimated revenue for the service contract.

Clients are billed as permitted by the service contract. Contract assets and contract liabilities are the result of timing differences between revenue recognition, billing and cash collections. If billing occurs prior to the revenue recognition or if billing exceeds the revenue recognized, the amount is considered deferred revenue and a contract liability. Conversely, if the revenue recognition exceeds the billing, the exceeded amount is considered unbilled receivable and a contract asset. As services are performed, those deferred revenue amounts are recognized as revenue.

In some instances, third party permitting, surveying, drilling, helicopter, equipment rental and mobilization costs that directly relate to the contract are utilized to fulfill the contract obligations. These fulfillment costs are capitalized and amortized consistent with how the related revenue is recognized unless we determine the costs are no longer recoverable, at which time they are expensed.

Estimates for our total revenue and total fulfillment cost on any service contract are based on significant qualitative and quantitative judgments. Our management considers a variety of factors such as whether various components of the performance obligation will be performed internally or externally, cost of third party services, and facts and circumstances unique to the performance obligation in making these estimates. As a significant change in one or more of these estimates could affect the profitability of our contracts, we review and update the estimates during each reporting period. We recognize these adjustments in revenues under the cumulative catch–up method which recognizes the impact of the adjustment on revenue to date in the period the adjustment is identified. Revenue in future periods of performance is recognized using the adjusted estimate.

At times, we may also recognize revenue from licensing of data that has already been created and is available for delivery. This seismic data license represents a single performance obligation that is typically recognized at a point in time. We recognize this revenue upon the transfer of control to the customer at an amount that reflects the consideration we expect to receive in exchange for these licenses. We recognized $3.1 million and $4.1 million of revenues from the sale of licenses in 2019 and 2018, respectively.

Foreign Exchange Gains and Losses

Assets and liabilities of non–U.S. operations with a functional currency other than the U.S. dollar have been translated at exchange rates in effect at the balance sheet dates, and revenues, expenses and cash flows have been translated at average exchange rates for the respective periods. Any resulting translation gains and losses are included in accumulated other comprehensive loss.

Gains and losses from foreign currency transactions, such as those resulting from transactions denominated in a currency other than the functional currency of the entity involved and those resulting from remeasurements of monetary items, are included in our consolidated statements of operations. In addition, as we have not designated our intercompany transactions as being of a long–term nature, gains and losses on these transactions are included in our consolidated statements of operations.

Income Taxes

We use the liability method to determine our income tax provisions, under which current and deferred tax liabilities and assets are recorded in accordance with enacted tax laws and rates. Under this method, the amounts of deferred tax liabilities and assets at the end of each period are determined using the tax rate expected to be in effect when taxes are actually paid or recovered. Valuation allowances are established to reduce deferred tax assets when it is more likely than not that some portion or all of the deferred tax assets will not be realized.
Concentration of Credit Risk

Our revenues are derived from a concentrated customer base; however, we are not substantially dependent on any one customer. Based on the nature of our contracts and customer projects, our significant customers can and typically do change from year to year and the largest customers in any one year may not be indicative of the largest customers in the future.

In both 2019 and 2018, we had three customers that each individually exceeded 10% of our consolidated revenue from services and that together represented approximately 56% and 75%, respectively, of our consolidated revenue from services.

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 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 consolidated statement of operations and consolidated statement of cash flows.

New Accounting Standards to be Adopted

In June 2016, the Financial Accounting Standards Board ("FASB") issued ASU 2016–03, Measurement of Credit Losses on Financial Instruments, as amended by ASU 2019–10, Effective Dates. The updated accounting guidance replaces the incurred loss impairment methodology with an expected loss methodology for financial instruments not accounted for at fair value. The expected loss methodology generally will result in the earlier recognition of allowance for losses. As a public business entity eligible to be a smaller reporting company, the new standard is effective for annual and interim reporting periods beginning after December 15, 2022. We will adopt ASU 2016–03 on January 1, 2023, and we do not expect the adoption to have a material impact on our consolidated financial statements.

In January 2017, the FASB issued ASU 2017–04, Simplifying the Test for Goodwill Impairment. ASU 2017–04 simplifies how an entity is required to test goodwill for impairment by eliminating step two from the goodwill impairment test, which measures a goodwill impairment loss by comparing the implied fair value of a reporting unit’s goodwill with the carrying amount. Under the new guidance, if a reporting unit’s carrying amount exceeds its fair value, an entity will record an impairment charge based on that difference. The impairment charge will be limited to the amount of goodwill allocated to that reporting unit. We adopted ASU 2017–04 on January 1, 2020 to our goodwill impairment tests beginning in 2020 and we do not expect the adoption of ASU 2017–04 to have a material impact on our consolidated financial statements.

In December 2019, the FASB issued ASU 2019–12, Simplifying the Accounting for Income Taxes. The new standard removes certain exceptions for performing intraperiod allocation and calculating income taxes in interim periods and also adds guidance to reduce complexity in certain areas, including recognizing deferred taxes for tax goodwill and allocating taxes to members of a consolidated group. ASU 2019–12 is effective for annual and interim periods beginning after December 15, 2020. We will adopt the new standard effective January 1, 2021, and we do not expect the adoption to have a material impact on our consolidated financial statements.

No other new accounting pronouncements issued or effective during the year ended December 31, 2019 have had or are expected to have a material impact on our consolidated financial statements.
NOTE 4. ASSET PURCHASE

In June 2018, we entered into a stalking horse asset purchase agreement (the “Asset Purchase Agreement”) with Geokinetics, Inc. (“GEOK”), pursuant to which we agreed to purchase certain assets of GEOK (the “Purchased Assets”) and, to a lesser extent, acquire certain liabilities related thereto in a transaction to be effected in GEOK’s bankruptcy proceeding under Chapter 11 of Title 11 of the United States Bankruptcy Code.

In July 2018, the United States Bankruptcy Court for the Southern District of Texas approved the Asset Purchase Agreement, and we completed the acquisition of the Purchased Assets for $18.4 million. In connection with the closing, we entered into a new acquisition purchase money facility (the “PMF”) of approximately $23.4 million in aggregate principal amount of borrowings, secured by the Purchased Assets, to fund the acquisition and pay related transaction costs. Borrowings made under the PMF bore interest at a rate of 10.25% per annum. The PMF was repaid in full in September 2018.

The acquisition was accounted for as an asset acquisition, which requires that the total purchase price, including transaction costs, be allocated to the assets acquired and the liabilities assumed based on their relative fair values.

The purchase price and the fair values of the acquired assets and assumed liabilities are as follows:

| Purchase price | $18,411 |
| Transaction advisory fees and other acquisition costs | $3,338 |
| **Total purchase price** | **$21,749** |
| Accounts receivable | $8,589 |
| Property and equipment | $12,484 |
| Intangible assets, net | $3,642 |
| Accrued liabilities | $(110) |
| Deferred revenue | $(2,856) |
| **Net assets acquired** | **$21,749** |

NOTE 5. PROPERTY AND EQUIPMENT

Property and equipment is comprised of the following at December 31:

<table>
<thead>
<tr>
<th>Estimated Useful Life</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Field operating equipment</td>
<td>3 – 10 years</td>
<td>$102,003</td>
</tr>
<tr>
<td>Transportation equipment</td>
<td>3 – 5 years</td>
<td>18,289</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>2 – 5 years</td>
<td>563</td>
</tr>
<tr>
<td>Software</td>
<td>3 – 5 years</td>
<td>2,003</td>
</tr>
<tr>
<td>Computer equipment</td>
<td>3 – 5 years</td>
<td>5,651</td>
</tr>
<tr>
<td>Office equipment</td>
<td>3 – 10 years</td>
<td>984</td>
</tr>
<tr>
<td><strong>Accumulated depreciation and amortization</strong></td>
<td></td>
<td>129,493</td>
</tr>
<tr>
<td><strong>Property and equipment, net</strong></td>
<td></td>
<td>(92,204)</td>
</tr>
</tbody>
</table>

$37,289 $35,334

Depreciation expense relating to property and equipment was $11.3 million and $11.4 million in 2019 and 2018, respectively, of which $0.3 million in both 2019 and 2018 is included in “Selling, general and administrative expenses” on our consolidated statements of operations.
NOTE 6. MULTICLIENT SEISMIC DATA LIBRARY, NET

Changes in the carrying value of multiclient seismic data library are as follows for the years ended December 31:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at beginnig of year</td>
<td>$4,733</td>
<td>$5,829</td>
</tr>
<tr>
<td>Amortization</td>
<td>(2,014)</td>
<td>(1,096)</td>
</tr>
<tr>
<td>Balance at end of year</td>
<td>$2,719</td>
<td>$4,733</td>
</tr>
</tbody>
</table>

As of December 31, 2019 and 2018, accumulated amortization related to the multiclient seismic data library was $16.6 million and $14.6 million, respectively.

NOTE 7. GOODWILL AND INTANGIBLE ASSETS

Goodwill

Changes in the carrying value of goodwill are as follows for the years ended December 31:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at beginnig of year</td>
<td>$1,687</td>
<td>$1,832</td>
</tr>
<tr>
<td>Foreign currency translation adjustment</td>
<td>79</td>
<td>(145)</td>
</tr>
<tr>
<td>Balance at end of year</td>
<td>$1,766</td>
<td>$1,687</td>
</tr>
</tbody>
</table>

As of December 31, 2019, we have not recorded any impairments related to our goodwill and we believe that our goodwill is recoverable; however, there can be no assurance that the goodwill will not be impaired in the future.

Intangible Assets

Intangible assets are comprised of the following at December 31:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer relationships</td>
<td>$1,379</td>
<td>$(926)</td>
<td>$453</td>
<td>$1,356</td>
<td>$(831)</td>
<td>$525</td>
</tr>
<tr>
<td>Technology</td>
<td>3,642</td>
<td>(344)</td>
<td>3,298</td>
<td>3,642</td>
<td>(101)</td>
<td>3,541</td>
</tr>
<tr>
<td></td>
<td>$5,021</td>
<td>$(1,270)</td>
<td>$3,751</td>
<td>$4,998</td>
<td>$(932)</td>
<td>$4,066</td>
</tr>
</tbody>
</table>

Intangible assets are amortized on a straight–line basis with estimated useful lives ranging from 13 to 15 years.

Amortization expense was $0.3 million and $0.2 million in 2019 and 2018, respectively.

Amortization expense for each of the five years in the period ending December 31, 2024 is expected to be $0.3 million, $0.4 million, $0.3 million, $0.4 million and $0.3 million, respectively, and $2.1 million in the aggregate thereafter.
NOTE 8. TAX CREDITS RECEIVABLE, NET

Changes in the carrying value of the tax credits receivable, net are as follows for the years ended December 31:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at beginning of year</td>
<td>$13,198</td>
<td>$19,089</td>
</tr>
<tr>
<td>Monetized in period</td>
<td>—</td>
<td>(2,748)</td>
</tr>
<tr>
<td>Tax credits used to offset production taxes</td>
<td>(1,094)</td>
<td>(1,443)</td>
</tr>
<tr>
<td>Reserve for potential monetization</td>
<td>—</td>
<td>(1,700)</td>
</tr>
<tr>
<td>Balance at end of year</td>
<td>$12,104</td>
<td>$13,198</td>
</tr>
</tbody>
</table>

We have established an allowance for these tax credits receivable due to the uncertainty of the future monetization of the tax credits and the potential for the DOR to disallow the tax credits as management has determined that the costs submitted to the DOR by ASV did not reflect the affiliate status of ASV. As of both December 31, 2019 and 2018, the tax credits receivable are net of an allowance of $53.0 million.

NOTE 9. LONG-TERM DEBT

Long-term debt consisted of the following as of December 31:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Credit facility:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Principal outstanding</td>
<td>$35,000</td>
<td>$12,334</td>
</tr>
<tr>
<td>Unamortized debt issuance costs</td>
<td>(205)</td>
<td>(125)</td>
</tr>
<tr>
<td>Carrying amount</td>
<td>34,795</td>
<td>12,209</td>
</tr>
<tr>
<td>Senior loan facility:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Principal outstanding</td>
<td>29,000</td>
<td>29,000</td>
</tr>
<tr>
<td>Unamortized debt issuance costs</td>
<td>(1,232)</td>
<td>(2,448)</td>
</tr>
<tr>
<td>Carrying amount</td>
<td>27,768</td>
<td>26,552</td>
</tr>
<tr>
<td>6% senior secured convertible notes due 2023:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Principal outstanding</td>
<td>60,000</td>
<td>60,000</td>
</tr>
<tr>
<td>Unamortized debt discount and debt issuance costs</td>
<td>(13,341)</td>
<td>(15,906)</td>
</tr>
<tr>
<td>Carrying amount</td>
<td>46,659</td>
<td>44,094</td>
</tr>
<tr>
<td>10% senior notes due 2019:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Principal outstanding</td>
<td>—</td>
<td>6,957</td>
</tr>
<tr>
<td>Unamortized debt issuance costs</td>
<td>—</td>
<td>(4)</td>
</tr>
<tr>
<td>Carrying amount</td>
<td>—</td>
<td>6,953</td>
</tr>
<tr>
<td>Note payable</td>
<td>9,974</td>
<td>—</td>
</tr>
<tr>
<td>Capital lease obligations</td>
<td>350</td>
<td>1,234</td>
</tr>
<tr>
<td>Total debt</td>
<td>119,546</td>
<td>91,042</td>
</tr>
<tr>
<td>Current portion of long-term debt</td>
<td>(112,401)</td>
<td>(7,837)</td>
</tr>
<tr>
<td>Total long-term debt</td>
<td>$7,145</td>
<td>$83,205</td>
</tr>
</tbody>
</table>

52
Debt Exchange

In January 2018, we consummated an exchange offer and consent solicitation (the “Exchange”) related to our Senior Notes due 2019 (the “Senior Notes”). Pursuant to a restructuring support agreement with holders of approximately 85% of the par value of our Senior Notes, we exchanged $78.0 million of our Senior Notes and $7 thousand of our Senior Secured Notes due 2019 (the “Senior Secured Notes”) for (i) 0.04 million shares of common stock, (ii) 0.03 million shares of Series A preferred stock, (iii) 0.9 million shares of Series B preferred stock, and (iv) 8.3 million Series C warrants. The Exchange was accounted for as an extinguishment as we were legally released of our obligations upon delivery and acceptance of the respective equity securities and we recognized a gain of $0.1 million.

Credit Facility

As of December 31, 2019, we have a $40.0 million credit facility that expires in August 2021. Borrowings under the credit facility are secured primarily by substantially all our assets located in the United States, subject to certain exclusions. We may use borrowing under the credit facility for working capital purposes and general corporate purposes.

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.

We accounted for the amendment to our credit facility as a debt extinguishment as we determined that the terms of the amended credit facility were substantially different from the terms of the original credit facility. We derecognized the carrying value of the original credit facility and recorded the amended credit facility at fair value. In addition, we capitalized $0.2 million of fees paid to third parties as new debt issuance costs.

The credit facility does not require any repayments of amounts outstanding until it expires in August 2021; however, the credit facility does require a mandatory prepayment with the proceeds from any payment or monetization of the tax credits.

Borrowings under the credit facility bear interest at a rate of 11.75% through and including August 2020 and 12.75% thereafter.

Senior Loan Facility

As of December 31, 2019, we have a $30.0 million senior loan facility that expires in January 2021. Borrowings under the senior loan facility are secured primarily by substantially all the collateral securing the obligation under our credit facility. This security interest is junior to the security interest in the collateral securing the obligations under our credit facility.

The senior loan facility does not require any repayments of amounts outstanding until it expires in January 2021; however, the senior loan facility does require a mandatory prepayment with the proceeds from any payment or monetization of the tax credits once the credit facility has had cumulative prepayments of $30.0 million.

Borrowings under the senior loan facility bear interest at a rate of 12.50%.

6% Senior Secured Convertible Notes due 2023

Our 6% Senior Secured Convertible Notes due 2023 (the “2023 Notes”) were issued under an indenture dated September 26, 2018 (the “2023 Indenture”). The 2023 Notes mature in September 2023, and interest is payable quarterly in arrears on March 15, June 15, September 15 and December 15 of each year.

When the 2023 Notes were issued, we accounted for the debt and equity components of the 2023 Notes separately, as we have the option to settle the conversion obligation in cash. At the date of issuance, we calculated the fair value of the 2023 Notes, excluding the conversion feature, based on the fair value of similar non–convertible debt instruments. The difference between the cash proceeds and the estimated fair value represented the value which was assigned to the equity component and recorded as a debt discount. The debt discount is being amortized using the effective interest rate method over the period from issuance to the maturity date of September 26, 2023. The carrying amount of the equity component of the 2023 Notes reported in additional paid in capital was initially valued at $15.4 million, which is net of $0.3 million of debt issuance costs allocated to the equity component.
As the closing price of our common stock at December 31, 2019 was less than the initial conversion price for the 2023 Notes, the if–converted value of the 2023 Notes would be less than the principal amount.

In 2019 and 2018, we recorded interest expense of $6.2 million and $1.6 million, respectively, related to the 2023 Notes, of which $2.6 million and $1.0 million, respectively, related to contractual interest expense.

The 2023 Notes are convertible at the option of the holder into shares of common stock or, for certain holders (as defined in the 2023 Indenture), warrants to purchase an equal number of shares of common stock at an exercise price of $0.0001 per share, subject to customary adjustments. The initial conversion rate is 173.91304 shares of common stock or warrants per $1,000 principal amount, representing an initial conversion price of approximately $5.75 per share. The conversion rate is subject to adjustment upon the occurrence of certain events, as defined in the 2023 Indenture. We can satisfy the conversion obligation, at our option, in either cash, shares of common stock, warrants or a combination thereof.

We may not redeem the 2023 Notes prior to October 1, 2021. After that date, we may redeem all or part of the 2023 Notes, at our option, if the last reported sale price of our common stock has been at least 150% of the conversion price then in effect (i) on the trading day immediately preceding the date of which we provide notice of redemption and (ii) for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading day period ending on, and including, the trading day immediately preceding the date on which we provide notice of redemption at a redemption price equal to 100% of the principal amount of the 2023 Notes to be redeemed, payable in cash, plus accrued and unpaid interest and any make whole premium (as described in the 2023 Indenture).

In the event of a fundamental change, as defined in the 2023 Indenture, holders of the 2023 Notes may, subject to certain restrictions, require us to repurchase for cash all or a portion of their notes equal to $1,000 or a multiple of $1,000 at a fundamental change repurchase price equal to 100% of the principal amount of 2023 Notes, plus accrued and unpaid interest, if any, to, but not including, the fundamental change repurchase date.

Upon the occurrence of an event of default, as defined in the 2023 Indenture, the trustee or the holders of at least 25% in aggregate principal amount of the 2023 Notes then outstanding may declare 100% of the principal of, and accrued and unpaid interest on, all the 2023 Notes to be due and payable immediately.

Note Payable

In November 2019, we financed the purchase of seismic equipment pursuant to a secured promissory note in the amount of $10.0 million. The note bears interest at 7% and matures on January 1, 2023. Borrowings under the note are secured by a security interest in the purchased seismic equipment.

The note requires that principal and interest will be due and payable in equal monthly installments beginning in February 2020 and each month thereafter until the maturity date.

10% Senior Notes due 2019

In July 2016, we issued our Senior Notes under an indenture dated July 27, 2016. Interest was payable quarterly in arrears on January 15, April 15, July 15 and October 15 of each year. We repaid in full our Senior Notes at maturity in September 2019.

Debt Compliance

The credit agreements and indentures for our credit facility, senior loan facility and 2023 Notes contain certain representations, warranties, covenants and other terms and conditions which are customary for agreements of these types. As of December 31, 2019, certain events of default had occurred under these agreements. 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.
As discussed in Note 2, the report of our independent registered public accounting firm on these consolidated financial statements contains an explanatory paragraph raising substantial doubt about our ability to continue as a going concern, which results in events of default under the credit facility and the senior loan facility, and a cross default under the indenture governing the 2023 Notes. We have entered into forbearance agreements with respect to our credit facility, senior loan facility and 2023 Notes, whereby the holders of the indebtedness thereunder have agreed to refrain from exercising their rights and remedies with respect to these existing defaults and other events of default that have occurred and are continuing as further specified in the forbearance agreements until 5:00 p.m. (New York City time) on the earlier of (i) May 31, 2020 and (ii) the date the forbearance agreements otherwise terminate in accordance with their terms. However, the long-term debt outstanding under the credit facility, senior loan facility and 2023 Notes has been reclassified as current portion of long-term debt in these financial statements.

Maturities of Long–Term Debt

The maturities of our long–term debt, including capital leases, for each of the five years in the period ending December 31, 2024 are $3.2 million, $65.8 million, $3.5 million, $47.0 million and $0.0 million, respectively.

NOTE 10. COMMITMENTS AND CONTINGENCIES

Legal Matters

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 “Derivative 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 1. WARRANTS

Series A and Series B

As of December 31, 2019, we have 0.2 million Series A warrants and 0.2 million Series B warrants outstanding, both with an expiration date of July 27, 2021. The Series A warrants and Series B warrants entitle the holders to purchase 0.05 shares of our common stock, have exercise prices of $10.30 and $12.88, respectively, and become exercisable 30 days in advance of their expiration date.

Series C, Series D and Series E

Each of these warrants entitles the holder to purchase 0.05 shares of our common stock, has an exercise price of $0.0001 and has no expiration date. These warrants are immediately exercisable by the holder provided that it does not result in a holder owning 10% or more of our outstanding shares of common stock, and are exercisable by us upon a change in control.

In January 2018, we issued 8.3 million Series C warrants as an element of the Exchange (see Note 8). The Series C warrants were recorded at $4.8 million based on an allocation of the Exchange consideration to the various share classes and securities based on their relative fair values. As of December 31, 2019, we have 6.9 million Series C warrants outstanding.

In March 2018, we issued 14.1 million Series D warrants in connection with the conversion of the Series B preferred stock. The Series D warrants were recorded at their fair value of $23.0 million, which was based on the price of our common stock as of the date of the conversion as the Series D warrants have a nominal strike price, no expiration date and no other relevant restrictions. As of December 31, 2019, we have 11.1 million Series D warrants outstanding.

In September 2018, we issued 94.8 million Series E warrants in connection with the conversion of the Series A preferred stock. The Series E warrants were recorded at their fair value of $54.0 million, which was based on the price of our common stock as of the date of the conversion as the Series E warrants have a nominal strike price, no expiration date and no other relevant restrictions. As of December 31, 2019, we have 54.6 million Series E warrants outstanding.

Series F

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 date of the First Advance), upon the issuance of the Additional Advances.

Each of the Series F warrants entitles the holder to purchase one share of our common stock, has an exercise price of $0.0001 and has no expiration date. These warrants are immediately exercisable by the holder provided that it does not result in a holder owning 10% or more of our outstanding shares of common stock, and are exercisable by us upon a change in control.

In December 2019, we issued 0.4 million First Advance Warrants in connection with the amendment of our credit facility (see Note 8). In January 2020, we issued an additional 0.4 million First Advance Warrants upon receipt of NASDAQ approval. The remaining 1.2 million of First Advance Warrants will be issued upon shareholder approval. If we are unable to obtain shareholder approval by July 28, 2020, we are required to negotiate in good faith and use our best efforts to provide the lenders with the economic equivalent of the Series F Warrants to which such lenders would have been entitled had shareholder approval been obtained.

The First Advance Warrants, including those issued in January 2020 and those to be issued upon shareholder approval, were recorded at their fair value of $6.9 million, which was based on the price of our common stock on the date of the First Advance as the First Advance Warrants have a nominal strike price, no expiration date and no other relevant restrictions. As the issuance of the First Advance Warrants is deemed to be a fee paid by us to the lenders under our credit facility, we have recorded the fair value of the First Advance Warrants as “Loss on extinguishment of long-term debt” on our consolidated statements of operations.

As of December 31, 2019, we have 0.4 million Series F warrants outstanding.
Warrant Activity

The following table presents the changes in the number of warrants outstanding for the years ended December 31:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at beginning of year</td>
<td>87,792</td>
<td>309</td>
</tr>
<tr>
<td>Issuance of warrants</td>
<td>430</td>
<td>117,198</td>
</tr>
<tr>
<td>Exercise of warrants</td>
<td>(14,895)</td>
<td>(29,715)</td>
</tr>
<tr>
<td>Balance at end of year</td>
<td>73,327</td>
<td>87,792</td>
</tr>
</tbody>
</table>

NOTE 12. STOCKHOLDERS’ EQUITY

Preferred Stock

We are authorized to issue 1.0 million shares of preferred stock with a par value of $0.0001 per share with such designations, rights and preferences as may be determined from time to time by our Board of Directors.

Series A

In January 2018, we issued 0.03 million shares of Series A preferred stock as an element of the Exchange (see Note 8). The Series A preferred stock had an 8.0% dividend payable quarterly in arrears and accumulated whether or not earned or declared beginning April 1, 2018. In 2018, we issued dividends in kind valued at $1.6 million. The Series A preferred stock was recorded at $62.0 million, less stock issuance costs of $3.6 million, based on an allocation of the Exchange consideration to the various share classes and securities based on their relative fair values.

We evaluated the nondetachable conversion option embedded in the Series A preferred stock and determined that a beneficial conversion feature (“BCF”) existed as of the closing date of the Exchange. As the intrinsic value of the BCF exceeded the value allotted to the Series A preferred stock, we separately recognized a discount of $62.0 million as a reduction to the value of the Series A preferred stock.

In September 2018, all the shares of the Series A preferred stock were converted into 0.7 million shares of common stock and 94.8 million Series E warrants with an exercise price of $0.0001. Upon conversion, the Series A preferred stock was derecognized, and we fully recognized the value of the BCF as a deemed dividend. As of December 31, 2019, there were no issued or outstanding shares of Series A preferred stock.

Series B

In January 2018, we issued 0.9 million shares of Series B preferred stock as an element of the Exchange (see Note 8). The Series B preferred stock had no stated dividend and dividends were at the discretion of our Board of Directors. The Series B preferred stock was recorded at $10.8 million based on an allocation of the Exchange consideration to the various share classes and securities based on their relative fair values. Similar to the Series A preferred stock, we determined that a BCF existed for the Series B preferred stock. As the intrinsic value of the BCF exceeded the value allotted to the Series B preferred stock, we separately recognized a discount of $10.8 million as a reduction in the value of the Series B preferred stock.

In March 2018, all the shares of the Series B preferred stock were converted into 0.2 million shares of common stock and 14.1 million Series D warrants with an exercise price of $0.0001. Upon conversion, the Series B preferred stock was derecognized, and we fully recognized the value of the BCF as a deemed dividend. As of December 31, 2019, there were no issued or outstanding shares of Series B preferred stock.

Common Stock

As of December 31, 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 for the years ended December 31:

<table>
<thead>
<tr>
<th>Shares issued:</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at beginning of year</td>
<td>3,211</td>
<td>473</td>
</tr>
<tr>
<td>Issue of shares upon vesting of restricted stock units</td>
<td>278</td>
<td>268</td>
</tr>
<tr>
<td>Issue of shares on exercises of stock options</td>
<td>—</td>
<td>16</td>
</tr>
<tr>
<td>Issue of shares in consideration for services</td>
<td>243</td>
<td>—</td>
</tr>
<tr>
<td>Issue of shares in private placement</td>
<td>30</td>
<td>—</td>
</tr>
<tr>
<td>Issue of shares in the Exchange</td>
<td>—</td>
<td>41</td>
</tr>
<tr>
<td>Issue of shares on the conversion of the Series A preferred stock</td>
<td>—</td>
<td>704</td>
</tr>
<tr>
<td>Issue of shares on the conversion of the Series B preferred stock</td>
<td>—</td>
<td>225</td>
</tr>
<tr>
<td>Issue of shares on exercises of Series C warrants</td>
<td>51</td>
<td>16</td>
</tr>
<tr>
<td>Issue of shares on exercises of Series D warrants</td>
<td>33</td>
<td>117</td>
</tr>
<tr>
<td>Issue of shares on exercises of Series E warrants</td>
<td>662</td>
<td>1,351</td>
</tr>
<tr>
<td>Balance at end of year</td>
<td>4,508</td>
<td>3,211</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Shares held as treasury stock:</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at beginning of year</td>
<td>111</td>
<td>2</td>
</tr>
<tr>
<td>Purchase of treasury stock</td>
<td>97</td>
<td>109</td>
</tr>
<tr>
<td>Balance at end of year</td>
<td>208</td>
<td>111</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Shares outstanding at end of year</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>4,300</td>
<td>3,100</td>
</tr>
</tbody>
</table>

**NOTE 13. VARIABLE INTEREST ENTITIES**

We have two entities that meet the definition of a VIE and, based on our determination that we are the primary beneficiary of these entities, we have consolidated the operating results, assets and liabilities of these entities. We have a 49% interest in a business venture with Kuukpik Corporation ("Kuukpik") that performs contracts for the acquisition and development of geophysical and seismic data and for geophysical and seismic services and any and all related work anywhere on the North Slope of Alaska (onshore or offshore). The entity receives 10% of our gross revenues from all North Slope of Alaska contracts and will expire in December 2020. ASV is a multiclient seismic data library company (see Note 2) and we performed seismic services for ASV in 2015 and 2016.

As of December 31, 2019 and 2018, the carrying value of assets of our VIEs that are included in the accompanying consolidated balance sheets include cash and cash equivalents of $0.4 million and $0.4 million, prepaid expenses and other current assets of $31 thousand and $31 thousand, multiclient seismic data library, net, of $2.7 million and $4.7 million and tax credits receivable, net of $12.1 million and $13.2 million, respectively. The assets presented above are net of intercompany eliminations. All liabilities associated with our VIEs as of December 31, 2019 and 2018 are eliminated in consolidation. Losses incurred by ASV were initially applied to the 100% noncontrolling equity investors until their investment balances were reduced to zero, which occurred in 2015. All subsequent losses incurred by ASV are fully absorbed by us and not allocated to the noncontrolling shareholders as we are the entity that carries the risk of loss related to ASV.
NOTE 14. 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 years ended December 31:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at beginning of year</td>
<td>$3,746</td>
<td>$1,780</td>
</tr>
<tr>
<td>Fulfillment costs incurred</td>
<td>30,905</td>
<td>9,076</td>
</tr>
<tr>
<td>Amortization of fulfillment costs</td>
<td>(19,685)</td>
<td>(7,110)</td>
</tr>
<tr>
<td>Balance at end of year</td>
<td>$14,966</td>
<td>$3,746</td>
</tr>
</tbody>
</table>

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 years ended December 31:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at beginning of year</td>
<td>$4,357</td>
<td>$1,477</td>
</tr>
<tr>
<td>Acquired from GEOK</td>
<td>—</td>
<td>2,856</td>
</tr>
<tr>
<td>Cash received, excluding amounts recognized as revenue from services</td>
<td>20,334</td>
<td>6,580</td>
</tr>
<tr>
<td>Amounts recognized as revenue from services</td>
<td>(15,967)</td>
<td>(6,556)</td>
</tr>
<tr>
<td>Balance at end of year</td>
<td>$8,724</td>
<td>$4,357</td>
</tr>
</tbody>
</table>

Disaggregated Revenue

The following table disaggregates our revenue from services for the years ended December 31:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Land</td>
<td>Marine</td>
</tr>
<tr>
<td>North America</td>
<td>$126,317</td>
<td>—</td>
</tr>
<tr>
<td>South America</td>
<td>5,171</td>
<td>18,546</td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>3,715</td>
<td>101,485</td>
</tr>
<tr>
<td>Total</td>
<td>$135,203</td>
<td>$120,031</td>
</tr>
</tbody>
</table>

Remaining Performance Obligations

As of December 31, 2019, we had $203.1 million of remaining performance obligations.

We expect to recognize revenue of approximately 62% of these performance obligations in 2020, 19% in 2021 and the remaining approximately 19% in 2022.

NOTE 15. EQUITY–BASED COMPENSATION

We have a long–term incentive plan for our directors, officers, employees, consultants and advisors. This plan allows for the issuance of stock options (both incentive and non–qualified), stock appreciation rights, restricted stock awards, restricted stock units (“RSUs”), other stock–based awards and cash–based awards. As of December 31, 2019, we have 2.8 million shares authorized for issuance under this plan, and 2.0 million shares remain available for grant.
Awards that expire or are cancelled without delivery of shares generally become available for issuance under this plan. Shares that are used or withheld to satisfy tax obligations are not available for issuance under this plan. We can either issue new shares, use shares held in treasury or purchase shares of our common stock to satisfy vesting of awards under this plan.

**Restricted Stock Units**

An RSU is an award where each unit represents the right to receive the value of one share of our common stock at the date of vesting. RSUs may be settled by, at our discretion, either the issuance of our common stock, cash or a combination thereof based on the fair market value of the common stock on the date of exercise.

Activity related to RSUs is as follows:

<table>
<thead>
<tr>
<th></th>
<th>Number of RSUs</th>
<th>Weighted Average Grant Date Fair Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nonvested at January 1, 2019</td>
<td>258,917</td>
<td>$26.60</td>
</tr>
<tr>
<td>Granted</td>
<td>746,612</td>
<td>3.39</td>
</tr>
<tr>
<td>Vested</td>
<td>(278,402)</td>
<td>3.39</td>
</tr>
<tr>
<td>Forfeited</td>
<td>(614,824)</td>
<td>11.62</td>
</tr>
<tr>
<td>Nonvested at December 31, 2019</td>
<td>112,303</td>
<td>$11.86</td>
</tr>
</tbody>
</table>

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. As of December 31, 2019, there are 27,229 RSUs vesting on September 29, 2020 and 85,074 RSUs vesting on January 29, 2021.

The fair value of RSUs granted in 2019 and 2018 was $2.5 million and $14.2 million, respectively. The fair value of RSUs vested in 2019 and 2018 was $1.1 million and $5.3 million, respectively.

As of December 31, 2019, we had $0.6 million of unrecognized compensation cost related to unvested RSUs which is expected to be recognized over a weighted average period of 1.05 years.

Additionally, as of December 31, 2019, we have 0.1 million RSUs that are vested but have not yet settled. These RSUs were granted to our outside directors in 2018.

**Equity–Based Compensation Cost**

Equity–based compensation cost is measured at the date of grant based on the calculated fair value of the award and is generally recognized on a straight–line basis over the requisite service period, including those with graded vesting. Forfeitures are accounted for as they occur.

We recognized equity–based compensation costs of $(0.1) million and $10.1 million in 2019 and 2018, respectively. Included in these costs for 2019 is $3.8 million related to the forfeiture of unvested RSUs. Included in these costs for 2018 is $5.7 million related to the acceleration of vesting of certain RSUs. These costs are included in “Selling, general and administrative expenses” on our consolidated statements of operations.

**NOTE 16. EMPLOYEE BENEFIT PLANS**

We have a defined contribution 401(k) plan for all eligible employees of our U.S. operations and a Retirement Registered Saving Plan for all eligible employees of our Canadian operations. These plans are discretionary and allow for the match of each employee’s contributions up to the maximum allowed under these plans. For 2019 and 2018, we made no matching contributions and had no expenses related to these plans.
NOTE 17. 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 seven 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 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 consolidated balance sheet as follows at December 31:

<table>
<thead>
<tr>
<th>Classification on Consolidated Balance Sheet</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets: Operating lease right-of-use assets</td>
<td>$6,421</td>
</tr>
<tr>
<td>Finance lease assets</td>
<td>$324</td>
</tr>
<tr>
<td>Total lease assets</td>
<td>$6,745</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Liabilities: Current: Operating lease liabilities</th>
<th>Operating lease liabilities</th>
<th>$2,576</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finance lease liabilities</td>
<td>Current portion of long-term debt and finance leases</td>
<td>$350</td>
</tr>
<tr>
<td>Long-term - Operating lease liabilities</td>
<td>Other long-term liabilities</td>
<td>$3,980</td>
</tr>
<tr>
<td>Total lease liabilities</td>
<td></td>
<td>$6,906</td>
</tr>
</tbody>
</table>

The components of lease expense on our consolidated statements of operations are as follows for the year ended December 31:

<table>
<thead>
<tr>
<th>Operating lease expense (1)</th>
<th>$5,255</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finance lease expense:</td>
<td></td>
</tr>
<tr>
<td>Amortization of leased assets</td>
<td>$885</td>
</tr>
<tr>
<td>Interest on lease liabilities</td>
<td>$109</td>
</tr>
<tr>
<td>Total finance lease expense</td>
<td>$994</td>
</tr>
<tr>
<td>Total lease expense</td>
<td>$6,249</td>
</tr>
</tbody>
</table>

(1) Includes short-term leases and variable lease costs, both of which are immaterial.
As of December 31, 2019, our operating leases and finance leases have weighted average remaining lease terms of 3.9 years and 0.4 years, respectively, and both our operating leases and finance leases have a weighted average discount rate of 13.0%.

Supplemental cash flows information related to leases where we are the lessee is as follows for the year ended December 31:

<table>
<thead>
<tr>
<th>Cash paid for amounts included in the measurement of lease liabilities:</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating cash flows from operating leases</td>
<td>$4,546</td>
</tr>
<tr>
<td>Operating cash flows from finance leases</td>
<td>109</td>
</tr>
<tr>
<td>Financing cash flows from finance leases</td>
<td>884</td>
</tr>
<tr>
<td>Operating lease right-of-use assets obtained in exchange for new operating lease liabilities</td>
<td>$375</td>
</tr>
</tbody>
</table>

As of December 31, 2019, the maturities of the liabilities related to our operating leases and finance leases are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Operating Leases</th>
<th>Finance Leases</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>$3,589</td>
<td>$361</td>
</tr>
<tr>
<td>2021</td>
<td>1,287</td>
<td>—</td>
</tr>
<tr>
<td>2022</td>
<td>953</td>
<td>—</td>
</tr>
<tr>
<td>2023</td>
<td>749</td>
<td>—</td>
</tr>
<tr>
<td>2024</td>
<td>296</td>
<td>—</td>
</tr>
<tr>
<td>Thereafter</td>
<td>206</td>
<td>—</td>
</tr>
<tr>
<td>Total minimum lease payments</td>
<td>7,080</td>
<td>361</td>
</tr>
<tr>
<td>Less: interest</td>
<td>524</td>
<td>11</td>
</tr>
<tr>
<td>Present value of lease liabilities</td>
<td>6,556</td>
<td>350</td>
</tr>
<tr>
<td>Less: current lease liabilities</td>
<td>2,576</td>
<td>350</td>
</tr>
<tr>
<td>Long-term lease liabilities</td>
<td>$3,980</td>
<td>—</td>
</tr>
</tbody>
</table>

**NOTE 18. INCOME TAXES**

The provision for income taxes is comprised of the following for the years ended December 31:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S.</td>
<td>$168</td>
<td>$(145)</td>
</tr>
<tr>
<td>Foreign</td>
<td>5,872</td>
<td>(190)</td>
</tr>
<tr>
<td>Total current</td>
<td>$6,040</td>
<td>$(335)</td>
</tr>
<tr>
<td>Deferred:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S.</td>
<td>$145</td>
<td>$145</td>
</tr>
<tr>
<td>Foreign</td>
<td>2,002</td>
<td>70</td>
</tr>
<tr>
<td>Total deferred</td>
<td>2,147</td>
<td>215</td>
</tr>
<tr>
<td>Income taxes</td>
<td>$8,187</td>
<td>$(120)</td>
</tr>
</tbody>
</table>

The geographic sources of our loss before income taxes are as follows for the years ended December 31:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S.</td>
<td>$(23,623)</td>
<td>$(44,265)</td>
</tr>
<tr>
<td>Foreign</td>
<td>9,197</td>
<td>(15,415)</td>
</tr>
<tr>
<td>Total</td>
<td>$(14,426)</td>
<td>$(59,680)</td>
</tr>
</tbody>
</table>
The provision for income taxes differs from the amount computed by applying the U.S. statutory income tax rate to the loss before income taxes for the reasons set forth below for the years ended December 31:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taxes at the U.S. federal statutory income tax rate</td>
<td>$(3,029)</td>
<td>$(12,533)</td>
</tr>
<tr>
<td>Nondeductible expenses</td>
<td>508</td>
<td>3,880</td>
</tr>
<tr>
<td>Change in valuation allowance</td>
<td>7,111</td>
<td>14,595</td>
</tr>
<tr>
<td>Effect of foreign operations</td>
<td>4,413</td>
<td>890</td>
</tr>
<tr>
<td>State tax, net of federal benefit</td>
<td>247</td>
<td>$(3,174)</td>
</tr>
<tr>
<td>Other</td>
<td>$(1,063)</td>
<td>$(3,778)</td>
</tr>
<tr>
<td>Provision for income taxes</td>
<td>$8,187</td>
<td>$(120)</td>
</tr>
</tbody>
</table>

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The tax effects of our temporary differences and net operating losses (“NOL”) are as follows for the years ended December 31:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deferred tax assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating loss carryforwards</td>
<td>$37,860</td>
<td>$36,150</td>
</tr>
<tr>
<td>Other accrued expenses</td>
<td>4,248</td>
<td>2,833</td>
</tr>
<tr>
<td>Outside basis difference in ASV</td>
<td>13,891</td>
<td>13,367</td>
</tr>
<tr>
<td>Tax credit carryforwards</td>
<td>1,714</td>
<td>1,859</td>
</tr>
<tr>
<td>Original issue discount</td>
<td>1,806</td>
<td>—</td>
</tr>
<tr>
<td>Other</td>
<td>4,562</td>
<td>3,504</td>
</tr>
<tr>
<td>Total deferred tax asset</td>
<td>64,081</td>
<td>57,713</td>
</tr>
<tr>
<td>Valuation allowance</td>
<td>(59,011)</td>
<td>(51,850)</td>
</tr>
<tr>
<td>Total deferred tax asset, net</td>
<td>5,070</td>
<td>5,863</td>
</tr>
</tbody>
</table>

Deferred tax liabilities:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property and equipment</td>
<td>(299)</td>
<td>(2,193)</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>(1,041)</td>
<td>(1,116)</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>(3,730)</td>
<td>(394)</td>
</tr>
<tr>
<td>Total deferred tax liabilities</td>
<td>(5,070)</td>
<td>(3,703)</td>
</tr>
<tr>
<td>Net deferred tax asset</td>
<td>$</td>
<td>$2,160</td>
</tr>
</tbody>
</table>

At December 31, 2019, we had approximately $1.5 million of foreign tax credits that will start to expire in 2022 under applicable foreign law and $0.2 million of other credits, the majority of which will expire after 2038 under U.S. tax law.

As of December 31, 2019, we also had U.S. federal tax NOL carryforwards of $100.1 million, which begin to expire in 2034. These NOL carryforwards, subject to certain requirements and restrictions, including limitations on their use in the event of future ownership changes, may be used to offset future taxable income and thereby reduce our U.S. federal income taxes otherwise payable.

We record a valuation allowance when it is more likely than not that some portion of all the deferred tax assets will not be utilized. The ultimate realization of the deferred tax assets depends on the ability to generate sufficient taxable income of the appropriate character in the future and in the appropriate taxing jurisdictions. At December 31, 2019, $59.0 million of valuation allowances are recorded against various deferred tax assets, including foreign NOLs, U.S. federal and foreign tax credit carryforwards and U.S. and state NOL carryforwards.

As of December 31, 2019, we have a full valuation allowance on the deferred tax assets related to foreign NOLs as we do not expect that the deferred tax assets will be realized within the carryforward period.

We have provided no deferred taxes for earnings of certain of our foreign subsidiaries as these earnings have been and, under current plans, will continue to be permanently reinvested in these foreign subsidiaries.
At December 31, 2019, we had $0.3 million of tax liabilities for total gross unrecognized tax benefits related to uncertain tax positions. The following table presents the changes in our gross unrecognized tax benefits for the years ended December 31:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at beginning of year</td>
<td>$169</td>
<td>$192</td>
</tr>
<tr>
<td>Additions for tax positions taken in prior years</td>
<td>166</td>
<td>(23)</td>
</tr>
<tr>
<td>Balance at end of year</td>
<td>$335</td>
<td>$169</td>
</tr>
</tbody>
</table>

We do not expect to recognize any significant increases or decreases in unrecognized tax benefits during the next twelve–month period. Interest and penalties, if any, related to unrecognized tax benefits are recorded in our provision for income taxes.

We conduct business in more than 12 countries and are subject to income taxes in most taxing jurisdictions in which we operate. We believe there are no jurisdictions in which the outcome of unresolved issues or claims is likely to be material to our results of operations, financial position or cash flows. We further believe that we have made adequate provision for all income tax uncertainties.

**NOTE 19. LOSS PER COMMON SHARE**

Basic loss per common share is computed by dividing net loss available to common stockholders by the weighted average number of common shares outstanding during each period. Diluted loss per share is computed by dividing net loss available to common stockholders by the sum of the weighted average number of shares outstanding during each period and the dilutive potential common shares outstanding during the period determined under the treasury stock method.

Our Series C, Series D, Series E and Series F warrants are immediately exercisable for nominal consideration of $0.0001 per share and do not expire. As such, the shares of common stock issuable upon full exercise of these warrants are considered outstanding in the context of loss per share and are included in the weighted average number of common shares outstanding from their issuance date.

The computation of basic and diluted loss per share is as follows for the years ended December 31:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net loss attributable to SAExploration</td>
<td>$(25,186)</td>
<td>$(60,465)</td>
</tr>
<tr>
<td>Amortization of discount on Series A and Series B preferred stock</td>
<td>—</td>
<td>$(72,762)</td>
</tr>
<tr>
<td>Accretion of Series A preferred stock to redemption value</td>
<td>—</td>
<td>21,376</td>
</tr>
<tr>
<td>Dividends on Series A preferred stock</td>
<td>—</td>
<td>(1,614)</td>
</tr>
<tr>
<td>Net loss available to common stockholders</td>
<td>$(25,186)</td>
<td>$(113,465)</td>
</tr>
<tr>
<td>Weighted average common shares outstanding (basic and diluted)</td>
<td>7,951</td>
<td>3,448</td>
</tr>
<tr>
<td>Loss per share available to common stockholders (basic and diluted)</td>
<td>$(3.17)</td>
<td>$(32.91)</td>
</tr>
<tr>
<td>Potentially anti-dilutive shares excluded from diluted loss available to common stockholders (1)</td>
<td>10,997</td>
<td>10,709</td>
</tr>
</tbody>
</table>

(1) Includes our Series A and Series B warrants, unvested equity–based compensation and the shares underlying our 2023 Notes as their effect, if included, would have been anti–dilutive.
NOTE 20. 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 December 31, 2019, the estimated fair value and carrying value of our 2023 Notes was $42.0 million and $46.7 million, respectively. As of December 31, 2018, the estimated aggregate fair value of our 2023 Notes and Senior Notes was $50.7 million, which differs from the aggregate carrying value of $51.0 million.

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 is categorized as Level 2 as this valuation used dealer quoted prices in active markets obtained from independent third–party sources.

NOTE 21. OTHER SUPPLEMENTAL INFORMATION

Cash, Cash Equivalents and Restricted Cash

Cash, cash equivalents and restricted cash are recorded in our consolidated balance sheets as follows at December 31:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$5,441</td>
<td>$7,579</td>
</tr>
<tr>
<td>Restricted cash</td>
<td>74</td>
<td>271</td>
</tr>
<tr>
<td>Total cash, cash equivalents and restricted cash</td>
<td>$5,515</td>
<td>$7,850</td>
</tr>
</tbody>
</table>

Restricted cash primarily consists of cash 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 at December 31:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade receivables</td>
<td>$50,447</td>
<td>$23,330</td>
</tr>
<tr>
<td>Other receivables</td>
<td>3,199</td>
<td>3,681</td>
</tr>
<tr>
<td>Total accounts receivable</td>
<td>53,646</td>
<td>27,011</td>
</tr>
<tr>
<td>Less: allowance for doubtful accounts</td>
<td>(2,064)</td>
<td>(548)</td>
</tr>
<tr>
<td>Total accounts receivable, net</td>
<td>$51,582</td>
<td>$26,463</td>
</tr>
</tbody>
</table>

65
Allowance for Doubtful Accounts

Changes in the allowance for doubtful accounts are as follows for the years ended December 31:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at beginning of year</td>
<td>$548</td>
<td>$12</td>
</tr>
<tr>
<td>Provisions for doubtful accounts</td>
<td>1,722</td>
<td>536</td>
</tr>
<tr>
<td>Cumulative translation adjustment</td>
<td>(206)</td>
<td>—</td>
</tr>
<tr>
<td>Balance at end of year</td>
<td>$2,064</td>
<td>$548</td>
</tr>
</tbody>
</table>

Accrued Liabilities

Accrued liabilities are comprised of the following at December 31:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accrued payroll liabilities</td>
<td>$2,385</td>
<td>$3,622</td>
</tr>
<tr>
<td>Accrued interest</td>
<td>181</td>
<td>306</td>
</tr>
<tr>
<td>Other accrued liabilities</td>
<td>3,468</td>
<td>6,570</td>
</tr>
<tr>
<td>Total accrued liabilities</td>
<td>$6,034</td>
<td>$10,498</td>
</tr>
</tbody>
</table>

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

Supplemental Cash Flows Information

Supplemental cash flows information is as follows for the years ended December 31:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash paid for interest</td>
<td>$10,914</td>
<td>$9,412</td>
</tr>
<tr>
<td>Cash paid for income taxes</td>
<td>388</td>
<td>2,487</td>
</tr>
</tbody>
</table>

Noncash Transactions

Noncash transactions are as follows at December 31:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Costs for additions to property and equipment acquired in a note payable</td>
<td>$9,974</td>
<td>—</td>
</tr>
<tr>
<td>Costs for additions to property and equipment acquired in a capital lease</td>
<td>—</td>
<td>1,504</td>
</tr>
<tr>
<td>Proceeds from sale of property and equipment in accounts receivable</td>
<td>1,015</td>
<td>—</td>
</tr>
<tr>
<td>Accrual for stock issued for services</td>
<td>478</td>
<td>—</td>
</tr>
</tbody>
</table>

NOTE 22. RELATED PARTY TRANSACTIONS

As of December 31, 2019, Mr. Hastings, our former Chief Executive Officer, 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. In December 2019 and January 2020, we issued 7,159 and 7,166 Series F warrants, respectively, to Mr. Hastings in connection with the amendment to our credit facility and, pursuant to the Warrant Agreement, we agreed to issue 19,682 additional Series F warrants to Mr. Hastings upon shareholder approval of the issuance of the Series F warrants.

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 both 2019 and 2018, we paid $0.1 million to Fairweather Science.
Mr. Whiteley, our former Chief Financial Officer and General Counsel, owns and controls RVI Consulting, Inc. (“RVI”). In 2019 and 2018, RVI billed us $0.3 million and $1.1 million, respectively, for legal and professional services that were determined to be a misappropriation of funds from us. These amounts are included in “Misappropriation of funds” on our consolidated statements of operations.

Mr. Whiteley, or an immediate family member of Mr. Whiteley, is an owner of Woodstone Builders LLC (“Woodstone”) which provided us construction services. In both 2019 and 2018, we capitalized $0.1 million for certain leasehold improvements constructed by Woodstone.

A member of our operations management team owns Inupiate Resources LLC which provides us with certain specialty personnel. In 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 leased equipment. In 2019, we incurred $0.3 million in expenses associated with leased equipment. We did not incur any expenses in 2018. In January 2020, we purchased $0.1 million of previously leased equipment from Inupiate Resources Leasing LLC, terminating the equipment leasing relationship.

A member of our operations management team owns Summit Air Resources which provided us with certain salvage services. In 2019 and 2018, we incurred $31 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 13).

As of March 15, 2020, three of the holders of the indebtedness outstanding under our credit facility, senior loan facility and 2023 Notes represent (together with their respective 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, 61% 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.

67
NOTE 2. GEOGRAPHIC AND RELATED INFORMATION

The following table presents revenue from services based on the location of the services provided for the years ended December 31, and long–lived assets, which includes property and equipment, multiclient seismic data library, goodwill, intangible assets, tax credits receivable, net and other assets, by its geographic location at December 31:

<table>
<thead>
<tr>
<th></th>
<th>Revenue from Services</th>
<th>Long-Lived Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2019</td>
<td>2018</td>
</tr>
<tr>
<td>North America:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>United States</td>
<td>$112,151</td>
<td>$49,723</td>
</tr>
<tr>
<td>Canada</td>
<td>13,594</td>
<td>20,810</td>
</tr>
<tr>
<td>Mexico</td>
<td>572</td>
<td>793</td>
</tr>
<tr>
<td>Total</td>
<td>$126,317</td>
<td>$71,326</td>
</tr>
<tr>
<td>South America:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brazil</td>
<td>18,546</td>
<td>—</td>
</tr>
<tr>
<td>Colombia</td>
<td>3,441</td>
<td>22,443</td>
</tr>
<tr>
<td>Other</td>
<td>1,730</td>
<td>88</td>
</tr>
<tr>
<td>Total</td>
<td>23,717</td>
<td>22,531</td>
</tr>
<tr>
<td>Asia Pacific</td>
<td></td>
<td></td>
</tr>
<tr>
<td>India</td>
<td>85,412</td>
<td>—</td>
</tr>
<tr>
<td>Malaysia</td>
<td>12,183</td>
<td>—</td>
</tr>
<tr>
<td>Dubai</td>
<td>3,891</td>
<td>—</td>
</tr>
<tr>
<td>Other</td>
<td>3,714</td>
<td>4,813</td>
</tr>
<tr>
<td>Total</td>
<td>105,200</td>
<td>4,813</td>
</tr>
<tr>
<td>Consolidated</td>
<td>$255,234</td>
<td>$98,670</td>
</tr>
</tbody>
</table>

NOTE 24. SUPPLEMENTAL GUARANTOR INFORMATION

Our 2023 Notes are fully and unconditionally guaranteed, jointly and severally, by all our wholly–owned U.S. subsidiaries (collectively, the “Guarantors”), and not by any of our foreign subsidiaries. Supplemental condensed consolidating financial information, including such information for the Guarantors, is presented below.

The following financial information should be read in conjunction with the consolidated financial statements herein. The financial information may not necessarily be indicative of financial position, results of operations or cash flows had the non–guarantor subsidiaries operated as independent entities.

Investments in subsidiaries are presented using the equity method of accounting. The principal elimination entries eliminate investments in subsidiaries and intercompany balances and transactions. Separate financial statements of the Guarantors are not provided as the consolidating financial information contained herein provides a more meaningful disclosure to allow investors to determine the nature of the assets held by, and the operations of, the combined groups.
## Condensed Consolidating Balance Sheets

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

### December 31, 2019

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>SAExploration Holdings, Inc.</th>
<th>The Guarantors</th>
<th>Other Subsidiaries</th>
<th>Consolidation Adjustments</th>
<th>Total Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current assets:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$13</td>
<td>$3,565</td>
<td>$1,863</td>
<td>—</td>
<td>$5,441</td>
</tr>
<tr>
<td>Restricted cash</td>
<td>—</td>
<td>—</td>
<td>74</td>
<td>—</td>
<td>74</td>
</tr>
<tr>
<td>Accounts receivable, net</td>
<td>145</td>
<td>21,823</td>
<td>29,614</td>
<td>—</td>
<td>51,582</td>
</tr>
<tr>
<td>Deferred costs on contracts</td>
<td>—</td>
<td>5,107</td>
<td>9,859</td>
<td>—</td>
<td>14,966</td>
</tr>
<tr>
<td>Prepaid expenses and other current assets</td>
<td>967</td>
<td>1,458</td>
<td>2,899</td>
<td>—</td>
<td>5,324</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>1,125</td>
<td>31,953</td>
<td>44,309</td>
<td>—</td>
<td>77,387</td>
</tr>
<tr>
<td>Property and equipment, net</td>
<td>—</td>
<td>36,058</td>
<td>1,231</td>
<td>—</td>
<td>37,289</td>
</tr>
<tr>
<td>Multiclient seismic data library, net</td>
<td>—</td>
<td>2,719</td>
<td>—</td>
<td>—</td>
<td>2,719</td>
</tr>
<tr>
<td>Operating lease right-of-use asset</td>
<td>—</td>
<td>3,490</td>
<td>2,931</td>
<td>—</td>
<td>6,421</td>
</tr>
<tr>
<td>Investment in subsidiaries</td>
<td>(95,097)</td>
<td>40,366</td>
<td>7,499</td>
<td>—</td>
<td>47,232</td>
</tr>
<tr>
<td>Intercompany receivables</td>
<td>179,870</td>
<td>—</td>
<td>74</td>
<td>—</td>
<td>179,944</td>
</tr>
<tr>
<td>Goodwill</td>
<td>—</td>
<td>—</td>
<td>1,766</td>
<td>—</td>
<td>1,766</td>
</tr>
<tr>
<td>Intangible assets, net</td>
<td>—</td>
<td>3,298</td>
<td>453</td>
<td>—</td>
<td>3,751</td>
</tr>
<tr>
<td>Tax credits receivable</td>
<td>—</td>
<td>12,104</td>
<td>—</td>
<td>—</td>
<td>12,104</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>$85,898</td>
<td>$130,227</td>
<td>$58,728</td>
<td>$132,638</td>
<td>$142,215</td>
</tr>
</tbody>
</table>

| LIABILITIES AND STOCKHOLDERS’ EQUITY (DEFICIT) | | | | | |
| Current liabilities: | | | | | |
| Accounts payable | $4,210 | $9,002 | $17,754 | — | $30,966 |
| Accrued liabilities | 285 | 4,314 | 1,435 | — | 6,034 |
| Income and other taxes payable | 63 | 2,321 | 3,518 | — | 5,802 |
| Operating lease liabilities | — | 2,031 | 545 | — | 2,576 |
| Current portion of long-term debt | 74,427 | 37,974 | — | — | 112,401 |
| Deferred revenue | — | 6,890 | 1,834 | — | 8,724 |
| **Total current liabilities** | 78,985 | 62,532 | 25,086 | — | 166,603 |
| Intercompany payables | — | 116,333 | 63,537 | (179,870) | — |
| Long-term debt | 7,145 | — | — | — | 7,145 |
| Other long–term liabilities | 300 | 1,474 | 2,506 | — | 4,280 |
| **Stockholders’ equity (deficit):** | | | | | |
| Common stock | — | — | 168 | (168) | — |
| Additional paid-in capital | 240,068 | 46,973 | 19,038 | (66,011) | 240,068 |
| Accumulated deficit | (231,223) | (103,930) | (52,793) | 113,411 | (274,535) |
| Accumulated other comprehensive (loss) income | — | (4,098) | 1,186 | — | (2,912) |
| Treasury stock, at cost | (2,232) | — | — | — | (2,232) |
| **SAExploration stockholders’ equity (deficit)** | 6,613 | (61,055) | (32,401) | 47,232 | (39,611) |
| Noncontrolling interest | — | 3,798 | — | — | 3,798 |
| **Total stockholders’ equity (deficit)** | 6,613 | (57,257) | (32,401) | 47,232 | (35,813) |
| **Total liabilities and stockholders’ equity (deficit)** | $85,898 | $130,227 | $58,728 | $132,638 | $142,215 |

69
### ASSETS

<table>
<thead>
<tr>
<th>Description</th>
<th>SAExploration Holdings, Inc.</th>
<th>The Guarantors</th>
<th>Other Subsidiaries</th>
<th>Consolidating Adjustments</th>
<th>Total Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current assets:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$28</td>
<td>$5,285</td>
<td>$2,266</td>
<td>$—</td>
<td>$7,579</td>
</tr>
<tr>
<td>Restricted cash</td>
<td>$271</td>
<td></td>
<td></td>
<td></td>
<td>$271</td>
</tr>
<tr>
<td>Accounts receivable, net</td>
<td>144</td>
<td>20,487</td>
<td>5,832</td>
<td></td>
<td>26,463</td>
</tr>
<tr>
<td>Deferred costs on contracts</td>
<td>—</td>
<td>3,520</td>
<td>226</td>
<td></td>
<td>3,746</td>
</tr>
<tr>
<td>Prepaid expenses and other current assets</td>
<td>63</td>
<td>2,395</td>
<td>385</td>
<td></td>
<td>2,843</td>
</tr>
<tr>
<td>Total current assets</td>
<td>235</td>
<td>31,687</td>
<td>8,980</td>
<td></td>
<td>40,902</td>
</tr>
<tr>
<td><strong>Property and equipment, net</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Multiclient seismic data library, net</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment in subsidiaries</td>
<td>(79,848)</td>
<td>41,986</td>
<td>7,499</td>
<td>30,363</td>
<td></td>
</tr>
<tr>
<td>Intercompany receivables</td>
<td>183,675</td>
<td></td>
<td>(183,675)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Goodwill</td>
<td>—</td>
<td></td>
<td>1,687</td>
<td></td>
<td>1,687</td>
</tr>
<tr>
<td>Intangible assets, net</td>
<td>—</td>
<td>3,541</td>
<td>525</td>
<td></td>
<td>4,066</td>
</tr>
<tr>
<td>Tax credits receivable, net</td>
<td>—</td>
<td>13,198</td>
<td>—</td>
<td></td>
<td>13,198</td>
</tr>
<tr>
<td>Deferred income taxes</td>
<td>—</td>
<td>2,023</td>
<td>137</td>
<td></td>
<td>2,160</td>
</tr>
<tr>
<td>Other assets</td>
<td>239</td>
<td></td>
<td>28</td>
<td></td>
<td>267</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>$104,062</td>
<td>$130,296</td>
<td>$21,301</td>
<td>($153,312)</td>
<td>$102,347</td>
</tr>
</tbody>
</table>

### LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)

<table>
<thead>
<tr>
<th>Description</th>
<th>SAExploration Holdings, Inc.</th>
<th>The Guarantors</th>
<th>Other Subsidiaries</th>
<th>Consolidating Adjustments</th>
<th>Total Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current liabilities:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>$289</td>
<td>$7,205</td>
<td>$2,609</td>
<td>$—</td>
<td>$10,103</td>
</tr>
<tr>
<td>Accrued liabilities</td>
<td>906</td>
<td>8,484</td>
<td>1,108</td>
<td></td>
<td>10,498</td>
</tr>
<tr>
<td>Income and other taxes payable</td>
<td>210</td>
<td>2,739</td>
<td>382</td>
<td></td>
<td>3,331</td>
</tr>
<tr>
<td>Current portion of long-term debt</td>
<td>6,953</td>
<td>884</td>
<td>—</td>
<td></td>
<td>7,837</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>—</td>
<td>4,357</td>
<td>—</td>
<td></td>
<td>4,357</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>8,358</td>
<td>23,669</td>
<td>4,099</td>
<td></td>
<td>36,126</td>
</tr>
<tr>
<td>Intercompany payables</td>
<td>—</td>
<td>135,691</td>
<td>47,985</td>
<td></td>
<td>(183,676)</td>
</tr>
<tr>
<td>Long-term debt</td>
<td>70,646</td>
<td>12,559</td>
<td>—</td>
<td></td>
<td>83,205</td>
</tr>
<tr>
<td>Other long-term liabilities</td>
<td>300</td>
<td></td>
<td>80</td>
<td></td>
<td>380</td>
</tr>
<tr>
<td><strong>Stockholders' equity (deficit):</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Common stock</td>
<td>—</td>
<td></td>
<td>168</td>
<td></td>
<td>(168)</td>
</tr>
<tr>
<td>Accumulated deficit</td>
<td>(206,037)</td>
<td>(88,681)</td>
<td>(51,133)</td>
<td>96,502</td>
<td>(249,349)</td>
</tr>
<tr>
<td>Accumulated other comprehensive (loss) income</td>
<td>(4,141)</td>
<td></td>
<td>1,106</td>
<td></td>
<td>(3,035)</td>
</tr>
<tr>
<td><strong>Treasury stock, at cost</strong></td>
<td>(1,866)</td>
<td></td>
<td></td>
<td></td>
<td>(1,866)</td>
</tr>
<tr>
<td><strong>SAExploration stockholders' equity (deficit)</strong></td>
<td>24,758</td>
<td>(45,848)</td>
<td>(30,863)</td>
<td></td>
<td>(21,589)</td>
</tr>
<tr>
<td><strong>Noncontrolling interest</strong></td>
<td>4,225</td>
<td></td>
<td></td>
<td></td>
<td>4,225</td>
</tr>
<tr>
<td><strong>Total stockholders' equity (deficit)</strong></td>
<td>24,758</td>
<td>(40,023)</td>
<td>(30,863)</td>
<td></td>
<td>(17,364)</td>
</tr>
<tr>
<td><strong>Total liabilities and stockholders' equity (deficit)</strong></td>
<td>$104,062</td>
<td>$130,296</td>
<td>$21,301</td>
<td>($153,312)</td>
<td>$102,347</td>
</tr>
<tr>
<td>Item</td>
<td>SAExploration Holdings, Inc.</td>
<td>The Guarantors</td>
<td>Other Subsidiaries</td>
<td>Consolidating Adjustments</td>
<td>Total Consolidated</td>
</tr>
<tr>
<td>-----------------------------------------------------------</td>
<td>------------------------------</td>
<td>----------------</td>
<td>-------------------</td>
<td>---------------------------</td>
<td>-------------------</td>
</tr>
<tr>
<td>Revenue from services</td>
<td>$</td>
<td>$216,166</td>
<td>$39,065</td>
<td></td>
<td>$255,234</td>
</tr>
<tr>
<td>Cost of services</td>
<td>—</td>
<td>168,536</td>
<td>29,115</td>
<td></td>
<td>197,651</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>—</td>
<td>12,079</td>
<td>949</td>
<td></td>
<td>13,028</td>
</tr>
<tr>
<td>Gross profit</td>
<td>—</td>
<td>35,554</td>
<td>9,001</td>
<td></td>
<td>44,555</td>
</tr>
<tr>
<td>Total operating expenses</td>
<td>13,748</td>
<td>18,838</td>
<td>7,258</td>
<td></td>
<td>39,844</td>
</tr>
<tr>
<td>Operating (loss) income</td>
<td>(13,748)</td>
<td>16,716</td>
<td>1,743</td>
<td></td>
<td>4,711</td>
</tr>
<tr>
<td>Other income (expense), net</td>
<td>3,811</td>
<td>(20,715)</td>
<td>(2,233)</td>
<td></td>
<td>(19,137)</td>
</tr>
<tr>
<td>(Loss) income before income taxes and equity in loss of affiliates</td>
<td>(9,937)</td>
<td>(3,999)</td>
<td>(490)</td>
<td></td>
<td>(14,426)</td>
</tr>
<tr>
<td>Income taxes</td>
<td>—</td>
<td>7,017</td>
<td>1,170</td>
<td></td>
<td>8,187</td>
</tr>
<tr>
<td>Loss before equity in loss of affiliates</td>
<td>(9,937)</td>
<td>(11,016)</td>
<td>(1,660)</td>
<td></td>
<td>(22,613)</td>
</tr>
<tr>
<td>Equity in loss of affiliates</td>
<td>(15,249)</td>
<td>(1,660)</td>
<td>—</td>
<td>16,909</td>
<td>—</td>
</tr>
<tr>
<td>Net loss</td>
<td>(25,186)</td>
<td>(12,676)</td>
<td>(1,660)</td>
<td>16,909</td>
<td>(22,613)</td>
</tr>
<tr>
<td>Less: net income attributable to noncontrolling interest</td>
<td>—</td>
<td>2,573</td>
<td>—</td>
<td>—</td>
<td>2,573</td>
</tr>
<tr>
<td>Net loss attributable to SAExploration</td>
<td>$ (25,186)</td>
<td>$ (15,249)</td>
<td>$ (1,660)</td>
<td>$ 16,909</td>
<td>$ (25,186)</td>
</tr>
<tr>
<td>Comprehensive loss</td>
<td>$ (25,186)</td>
<td>$ (12,633)</td>
<td>$ (1,580)</td>
<td>$ 16,909</td>
<td>$ (22,490)</td>
</tr>
<tr>
<td>Less: comprehensive income attributable to noncontrolling interest</td>
<td>—</td>
<td>2,573</td>
<td>—</td>
<td>—</td>
<td>2,573</td>
</tr>
<tr>
<td>Comprehensive loss attributable to SAExploration</td>
<td>$ (25,186)</td>
<td>$ (15,206)</td>
<td>$ (1,580)</td>
<td>$ 16,909</td>
<td>$ (22,063)</td>
</tr>
</tbody>
</table>
### Year Ended December 31, 2018

<table>
<thead>
<tr>
<th></th>
<th>SAExploration Holdings, Inc.</th>
<th>The Guarantors</th>
<th>Other Subsidiaries</th>
<th>Consolidating Adjustments</th>
<th>Total Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue from services</td>
<td>$</td>
<td>$74,943</td>
<td>$23,727</td>
<td>$</td>
<td>$98,670</td>
</tr>
<tr>
<td>Cost of services</td>
<td>$</td>
<td>67,342</td>
<td>20,259</td>
<td>$</td>
<td>87,601</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>$</td>
<td>9,669</td>
<td>2,538</td>
<td></td>
<td>12,207</td>
</tr>
<tr>
<td>Gross (loss) profit</td>
<td>$</td>
<td>(2,068)</td>
<td>930</td>
<td></td>
<td>(1,138)</td>
</tr>
<tr>
<td>Total operating expenses</td>
<td>14,214</td>
<td>22,089</td>
<td>6,290</td>
<td></td>
<td>42,593</td>
</tr>
<tr>
<td>Operating loss</td>
<td>(14,214)</td>
<td>(24,157)</td>
<td>(5,360)</td>
<td></td>
<td>(43,731)</td>
</tr>
<tr>
<td>Other income (expense), net</td>
<td>53</td>
<td>(11,627)</td>
<td>(4,375)</td>
<td></td>
<td>(15,949)</td>
</tr>
<tr>
<td>Loss before income taxes and equity in loss of affiliates</td>
<td>(14,161)</td>
<td>(35,784)</td>
<td>(9,735)</td>
<td>(59,680)</td>
<td></td>
</tr>
<tr>
<td>Income taxes</td>
<td>24</td>
<td>(534)</td>
<td>390</td>
<td></td>
<td>(120)</td>
</tr>
<tr>
<td>Loss before equity in loss of affiliates</td>
<td>(14,185)</td>
<td>(35,259)</td>
<td>(10,125)</td>
<td>(59,560)</td>
<td></td>
</tr>
<tr>
<td>Equity in loss of affiliates</td>
<td>(46,280)</td>
<td>(10,125)</td>
<td></td>
<td>56,405</td>
<td></td>
</tr>
<tr>
<td>Net loss</td>
<td>(60,465)</td>
<td>(45,375)</td>
<td>(10,125)</td>
<td>56,405</td>
<td>(59,560)</td>
</tr>
<tr>
<td>Loss: net income attributable to noncontrolling interest</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>905</td>
</tr>
<tr>
<td>Net loss attributable to SAExploration</td>
<td>$60,465</td>
<td>$46,280</td>
<td>$10,125</td>
<td>$56,405</td>
<td>$60,465</td>
</tr>
<tr>
<td>Comprehensive loss</td>
<td>$60,465</td>
<td>(45,347)</td>
<td>(8,016)</td>
<td>56,405</td>
<td>(57,513)</td>
</tr>
<tr>
<td>Loss: comprehensive income attributable to noncontrolling interest</td>
<td>$60,465</td>
<td>$45,347</td>
<td>$8,016</td>
<td>$56,405</td>
<td>$58,418</td>
</tr>
<tr>
<td>Comprehensive loss attributable to SAExploration</td>
<td>$60,465</td>
<td>$46,342</td>
<td>$8,016</td>
<td>$56,405</td>
<td>$60,465</td>
</tr>
</tbody>
</table>
## Condensed Consolidating Statements of Cash Flows

**Year Ended December 31, 2019**

<table>
<thead>
<tr>
<th>Cash flows from operating activities:</th>
<th>SAExploration Holdings, Inc.</th>
<th>The Guarantors</th>
<th>Other Subsidiaries</th>
<th>Consolidating Adjustments</th>
<th>Total Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net cash (used in) provided by operating activities</td>
<td>$(3,497)</td>
<td>$7,614</td>
<td>$(18,997)</td>
<td>—</td>
<td>$(14,880)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cash flows from investing activities:</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase of property and equipment</td>
<td>—</td>
<td>$(3,714)</td>
<td>(112)</td>
<td>—</td>
<td>$(3,826)</td>
</tr>
<tr>
<td>Proceeds from sale of property and equipment</td>
<td>—</td>
<td>2,137</td>
<td>2,895</td>
<td>—</td>
<td>5,032</td>
</tr>
<tr>
<td>Investment in affiliate</td>
<td>—</td>
<td>(40)</td>
<td>—</td>
<td>40</td>
<td>—</td>
</tr>
<tr>
<td>Net cash (used in) provided by investing activities</td>
<td>—</td>
<td>$(1,617)</td>
<td>2,783</td>
<td>40</td>
<td>1,206</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cash flows from financing activities:</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Long-term debt repayments</td>
<td>(6,953)</td>
<td>(883)</td>
<td>—</td>
<td>—</td>
<td>(7,836)</td>
</tr>
<tr>
<td>Long-term debt borrowings</td>
<td>—</td>
<td>22,666</td>
<td>—</td>
<td>—</td>
<td>22,666</td>
</tr>
<tr>
<td>Debt issuance costs</td>
<td>—</td>
<td>(212)</td>
<td>—</td>
<td>—</td>
<td>(212)</td>
</tr>
<tr>
<td>Proceeds from issuance of common stock</td>
<td>100</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>100</td>
</tr>
<tr>
<td>Purchase of treasury stock</td>
<td>(366)</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(366)</td>
</tr>
<tr>
<td>Intercompany lending</td>
<td>10,701</td>
<td>(26,283)</td>
<td>15,582</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Contribution from affiliate</td>
<td>—</td>
<td>—</td>
<td>40</td>
<td>(40)</td>
<td>—</td>
</tr>
<tr>
<td>Distribution to noncontrolling interest</td>
<td>—</td>
<td>(3,000)</td>
<td>—</td>
<td>—</td>
<td>(3,000)</td>
</tr>
<tr>
<td>Net cash provided by (used in) financing activities</td>
<td>3,482</td>
<td>(7,712)</td>
<td>15,622</td>
<td>(40)</td>
<td>11,352</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Effect of exchange rate changes on cash, cash equivalents and restricted cash</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net change in cash, cash equivalents and restricted cash</td>
<td>—</td>
<td>(5)</td>
<td>(8)</td>
<td>—</td>
<td>(13)</td>
</tr>
</tbody>
</table>

| Cash, cash equivalents and restricted cash at the beginning of year | (15) | (1,720) | (608) | — | (2,333) |
| Cash, cash equivalents and restricted cash at the end of year | 28 | 5,285 | 2,537 | — | 7,850 |

| Cash, cash equivalents and restricted cash at the end of year | $13 | $3,565 | $1,937 | — | $5,515 |
### Cash Flows from Operating Activities:

<table>
<thead>
<tr>
<th>Description</th>
<th>SAExploration Holdings, Inc.</th>
<th>The Guarantors</th>
<th>Other Subsidiaries</th>
<th>Consolidating Adjustments</th>
<th>Total Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net cash used in operating activities</td>
<td>$(3,315)</td>
<td>$(21,874)</td>
<td>$(4,954)</td>
<td>—</td>
<td>$(30,143)</td>
</tr>
</tbody>
</table>

### Cash Flows from Investing Activities:

<table>
<thead>
<tr>
<th>Description</th>
<th>SAExploration Holdings, Inc.</th>
<th>The Guarantors</th>
<th>Other Subsidiaries</th>
<th>Consolidating Adjustments</th>
<th>Total Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asset purchase</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Purchase of property and equipment</td>
<td>—</td>
<td>(1,114)</td>
<td>(148)</td>
<td>—</td>
<td>(1,262)</td>
</tr>
<tr>
<td>Proceeds from sale of property and equipment</td>
<td>—</td>
<td>280</td>
<td>550</td>
<td>—</td>
<td>830</td>
</tr>
<tr>
<td>Investment in affiliate</td>
<td>—</td>
<td>(222)</td>
<td>—</td>
<td>222</td>
<td>—</td>
</tr>
<tr>
<td>Net cash (used in) provided by investing activities</td>
<td>—</td>
<td>(22,805)</td>
<td>402</td>
<td>222</td>
<td>(22,181)</td>
</tr>
</tbody>
</table>

### Cash Flows from Financing Activities:

<table>
<thead>
<tr>
<th>Description</th>
<th>SAExploration Holdings, Inc.</th>
<th>The Guarantors</th>
<th>Other Subsidiaries</th>
<th>Consolidating Adjustments</th>
<th>Total Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long-term debt repayments</td>
<td>(2,860)</td>
<td>(56,347)</td>
<td>—</td>
<td>—</td>
<td>(59,207)</td>
</tr>
<tr>
<td>Long-term debt borrowings</td>
<td>60,000</td>
<td>63,411</td>
<td>—</td>
<td>—</td>
<td>123,411</td>
</tr>
<tr>
<td>Issuance of debt costs</td>
<td>(1,167)</td>
<td>(1,548)</td>
<td>—</td>
<td>—</td>
<td>(2,715)</td>
</tr>
<tr>
<td>Purchase of treasury stock</td>
<td>(1,712)</td>
<td>—</td>
<td>—</td>
<td>(1,712)</td>
<td>—</td>
</tr>
<tr>
<td>Intercorporate loan</td>
<td>(49,173)</td>
<td>43,179</td>
<td>5,994</td>
<td>(1,250)</td>
<td>(1,250)</td>
</tr>
<tr>
<td>Contribution from affiliate</td>
<td>—</td>
<td>—</td>
<td>222</td>
<td>(222)</td>
<td>—</td>
</tr>
<tr>
<td>Distribution to noncontrolling interest</td>
<td>—</td>
<td>(1,250)</td>
<td>—</td>
<td>—</td>
<td>(1,250)</td>
</tr>
<tr>
<td>Net cash provided by financing activities</td>
<td>3,335</td>
<td>47,445</td>
<td>6,216</td>
<td>(222)</td>
<td>56,774</td>
</tr>
</tbody>
</table>

### Effect of Exchange Rate Changes on Cash, Cash Equivalents and Restricted Cash

<table>
<thead>
<tr>
<th>Description</th>
<th>SAExploration Holdings, Inc.</th>
<th>The Guarantors</th>
<th>Other Subsidiaries</th>
<th>Consolidating Adjustments</th>
<th>Total Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net change in cash, cash equivalents and restricted cash</td>
<td>—</td>
<td>(321)</td>
<td>(13)</td>
<td>—</td>
<td>(334)</td>
</tr>
</tbody>
</table>

### Cash, Cash Equivalents and Restricted Cash at the Beginning of Year

<table>
<thead>
<tr>
<th>Description</th>
<th>SAExploration Holdings, Inc.</th>
<th>The Guarantors</th>
<th>Other Subsidiaries</th>
<th>Consolidating Adjustments</th>
<th>Total Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash, cash equivalents and restricted cash at the beginning of year</td>
<td>8</td>
<td>2,840</td>
<td>886</td>
<td>—</td>
<td>3,734</td>
</tr>
</tbody>
</table>

### Cash, Cash Equivalents and Restricted Cash at the End of Year

<table>
<thead>
<tr>
<th>Description</th>
<th>SAExploration Holdings, Inc.</th>
<th>The Guarantors</th>
<th>Other Subsidiaries</th>
<th>Consolidating Adjustments</th>
<th>Total Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash, cash equivalents and restricted cash at the end of year</td>
<td>$28</td>
<td>$5,285</td>
<td>$2,537</td>
<td>—</td>
<td>$7,850</td>
</tr>
</tbody>
</table>

---

**NOTE 25. SUBSEQUENT EVENTS (UNAUDITED)**

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 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 was reduced to $2.7 million, net of an allowance of $27.7 million.

In February 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.

Due to the significant uncertainty in the outlook for oil and natural gas development as a result of the recent significant decline in oil prices since the beginning of 2020 due in part to failed OPEC negotiations and to concerns about the COVID–19 coronavirus pandemic and its impact on the worldwide economy and global demand for oil, certain of our scheduled and anticipated projects have recently been cancelled or delayed and there is no assurance as to when they may be reinitiated or awarded, if at all. We are unable to predict when market conditions may improve, and worsening overall market conditions could result in reductions of backlog and bids outstanding, which will impact our financial performance.
As discussed in Note 2, the report of our independent registered public accounting firm on these consolidated financial statements contains an explanatory paragraph raising substantial doubt about our ability to continue as a going concern, which results in events of default under the credit facility and the senior loan facility, and a cross default under the indenture governing the 2023 Notes. As a result of such events of default, we are unable to borrow additional amounts under our credit facility without the requisite approval of the lenders under such credit facility. We have entered into forbearance agreements with respect to our credit facility, senior loan facility and 2023 Notes, whereby the holders of the indebtedness thereunder have agreed to refrain from exercising their rights and remedies with respect to these existing defaults and other events of default that have occurred and are continuing as further specified in the forbearance agreements until 5:00 p.m. (New York City time) on the earlier of (i) May 31, 2020 and (ii) the date the forbearance agreements otherwise terminate in accordance with their terms. However, the long-term debt outstanding under the credit facility, senior loan facility and 2023 Notes has been reclassified as current portion of long-term debt in these financial statements.

We evaluated subsequent events for appropriate accounting and disclosure through the date these consolidated financial statements were issued and determined that there were no other material items that required recognition or disclosure in our consolidated financial statements.
ITEM 9A. CONTROLS AND PROCEDURES

Overview

Notwithstanding the existence of the material weaknesses described below, we believe that the consolidated financial statements in this Annual Report on Form 10–K fairly present, in all material respects, our financial position, results of operations and cash flows as of the dates, and for the periods presented, in conformity with generally accepted accounting principles.

Management’s 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 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 Annual Report on Form 10–K. 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 (as defined in Exchange Act Rules 13a–15(e) and 15d–15(e)) were not effective as of December 31, 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.

Management’s Report on Internal Control over Financial Reporting

Our management, under the supervision of our principal executive officer and principal financial officer, is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Exchange Act Rules 13a–15(f) and 15d–15(f)). Internal control over financial reporting is a process designed 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, and includes those policies and procedures that:

• pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect our transactions and dispositions of our assets;

• provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and

• provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on our financial statements.

Because of the inherent limitations in a cost-effective control system, internal control over financial reporting may not prevent or detect misstatements due to error or fraud. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

Management conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2019 based on the framework in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. As described below, management has identified material weaknesses in our internal control over financial reporting.
Based on our evaluation and as a result of those material weaknesses, our management, with the participation of our principal executive officer and principal financial officer, concluded our internal control over financial reporting was not effective as of December 31, 2019.

**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.
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;

78
• 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 quarter ended December 31, 2019 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

Forbearance Agreements

On April 13, 2020, we and certain of our subsidiaries entered into a series of forbearance agreements with:

• certain lenders (the “ABL Forbearing Parties”) of approximately 98% of the outstanding principal amount of the loans under the Third Amended and Restated Credit and Security Agreement (as amended, the “ABL Agreement”), dated as of September 26, 2018, by and among SAExploration Inc., a subsidiary of us, as the borrower, us, the other Guarantors from time to time party thereto, the Lenders from time to time party thereto, and Cantor Fitzgerald Securities, as the agent (the “ABL Forbearance Agreement”);

• certain lenders (the “Term Loan Forbearing Parties”) of approximately 82% of the outstanding principal amount of the term loans under the Term Loan and Security Agreement (as amended, the “Term Loan Agreement”), dated as of June 29, 2016, by and among us, as the borrower, the Guarantors from time to time party thereto, the Lenders from time to time party thereto, and Delaware Trust Company, as the Collateral Agent and as the Administrative Agent (the “Term Loan Forbearance Agreement”); and

• certain holders (the “Notes Forbearing Parties” and together with the Term Loan Forbearing Parties and the ABL Forbearing Parties, the “Forbearing Parties”) of approximately 98% of the outstanding principal amount of the 2023 Notes issued pursuant to the indenture (as amended, the “2023 Notes Indenture” and, together with the Term Loan Agreement and the ABL Agreement, the “Debt Instruments”), dated as of September 26, 2018, by and among us, the guarantors party thereto and Wilmington Savings Fund Society, FSB, as trustee and collateral trustee (the “2023 Notes Forbearance Agreement” and together with the Term Loan Forbearance Agreement and the ABL Forbearance Agreement, the “Forbearance Agreements”).
As disclosed elsewhere in this Form 10–K, the report of our independent registered public accounting firm on our consolidated financial statements included in this Annual Report on Form 10–K contains an explanatory paragraph raising substantial doubt about our ability to continue as a going concern, which results in events of default under the ABL Agreement and the Term Loan Agreement and a cross default under the 2023 Notes Indenture. As a result of such events of default, we are unable to borrow additional amounts under our credit facility without the requisite approval of the lenders under such credit facility.

Pursuant to the Forbearance Agreements, however, the Forbearing Parties have agreed to refrain from exercising their rights and remedies under the Debt Instruments and applicable law with respect to these existing defaults and other events of default that have occurred and are continuing as further specified in the Forbearance Agreements until 5:00 p.m. (New York City time) on the earlier of (a) May 31, 2020 and (b) the date the Forbearance Agreements otherwise terminate in accordance with their terms.

The foregoing description of the Forbearance Agreements is a summary only and is qualified in its entirety by reference to the complete text of (i) the ABL Forbearance Agreement, attached as Exhibit 10.14 hereto, (ii) the Term Loan Forbearance Agreement, attached as Exhibit 10.31 hereto, and (iii) the 2023 Notes Forbearance Agreement, attached as Exhibit 10.38 hereto, each incorporated herein by reference.
ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this item is incorporated in this Annual Report on Form 10–K by reference to our definitive proxy statement or an amendment to this Annual Report on Form 10–K, which will be filed with the SEC not later than 120 days after the end of the fiscal year covered by this report.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this item is incorporated in this Annual Report on Form 10–K by reference to our definitive proxy statement or an amendment to this Annual Report on Form 10–K, which will be filed with the SEC not later than 120 days after the end of the fiscal year covered by this report.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this item is incorporated in this Annual Report on Form 10–K by reference to our definitive proxy statement or an amendment to this Annual Report on Form 10–K, which will be filed with the SEC not later than 120 days after the end of the fiscal year covered by this report.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this item is incorporated in this Annual Report on Form 10–K by reference to our definitive proxy statement or an amendment to this Annual Report on Form 10–K, which will be filed with the SEC not later than 120 days after the end of the fiscal year covered by this report.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by this item is incorporated in this Annual Report on Form 10–K by reference to our definitive proxy statement or an amendment to this Annual Report on Form 10–K, which will be filed with the SEC not later than 120 days after the end of the fiscal year covered by this report.

81
ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) List of documents filed as part of this annual report:

(1) Financial Statements

All financial statements of the Registrant as set forth under Item 8 of this Annual Report on Form 10-K.

(2) Financial Statement Schedules

All schedules have been omitted because they are either not required, not applicable or the information required to be presented is included in our consolidated financial statements and related notes thereto.

(3) Exhibits

The exhibits listed below are filed or furnished as part of this Annual Report on Form 10-K:

2.1 Agreement and Plan of Reorganization dated as of December 10, 2012, by and among Trio Merger Corp., Trio Merger Sub, Inc., SAExploration Holdings, Inc. and CLCH, LLC (incorporated by reference from Exhibit 2.1 to SAExploration Holdings, Inc.’s Current Report on Form 8–K filed with the SEC on December 11, 2012)

2.2 First Amendment to Agreement and Plan of Reorganization dated as of May 23, 2013, by and among Trio Merger Corp., Trio Merger Sub, Inc., SAExploration Holdings, Inc. and CLCH, LLC (incorporated by reference from Exhibit 2.1 to SAExploration Holdings, Inc.’s Current Report on Form 8–K filed with the SEC on May 28, 2013)

2.3 Restructuring Support Agreement dated as of June 13, 2016, among SAExploration Holdings, Inc., the members of management identified therein and the supporting holders identified therein (incorporated by reference from Exhibit 10.1 to SAExploration Holdings, Inc.’s Current Report on Form 8–K filed with the SEC on June 13, 2016)

2.4 Restructuring Support Agreement dated as of December 19, 2017, by and among SAExploration Holdings, Inc., certain subsidiaries of SAExploration Holdings, Inc., the members of management identified therein and the supporting holders identified therein (incorporated by reference from Exhibit 10.1 to SAExploration Holdings, Inc.’s Current Report on Form 8–K filed with the SEC on December 20, 2017)


3.1 Third Amended and Restated Certificate of Incorporation (incorporated by reference from Exhibit 3.1 to SAExploration 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 SAExploration 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 of SAExploration Holdings, Inc. (incorporated by reference from Exhibit 3.1 to SAExploration 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 of SAExploration Holdings, Inc. (incorporated by reference from Exhibit 3.2 to SAExploration Holdings, Inc.’s Current Report on Form 8–K filed with the SEC on September 19, 2018)
4.12 Warrant Agreement dated as of September 6, 2018 between SAExploration Holdings, Inc. and Continental Stock Transfer & Trust Company, as Warrant Agent and the form of Series E Warrant Certificates (incorporated by reference from Exhibit 4.1 to SAExploration Holdings, Inc.’s Current Report on Form 8–K filed with the SEC on September 11, 2018)

Warrant Agreement dated as of December 11, 2019 between SAExploration Holdings, Inc., a Delaware corporation, and Continental Stock Transfer & Trust Company, a New York corporation (incorporated by reference from Exhibit 4.1 to SAExploration Holdings, Inc.’s Current Report on Form 8–K filed with the SEC on December 12, 2019)

4.14 Amendment to Warrant Agreement dated as of January 13, 2020 between SAExploration Holdings, Inc. and Continental Stock Transfer & Trust Company (incorporated by reference from Exhibit 10.7 to SAExploration Holdings, Inc.’s Current Report on Form 8–K filed with the SEC on January 13, 2020)

4.15 Registration Rights Agreement dated June 24, 2013, by and between SAExploration Holdings, Inc. and CLCH, LLC (incorporated by reference from Exhibit 10.7 to SAExploration Holdings, Inc.’s Current Report on Form 8–K filed with the SEC on June 28, 2013)

4.16 Registration Rights Agreement dated July 27, 2016, between SAExploration Holdings, Inc. and the holders named therein (incorporated by reference from Exhibit 10.2 to SAExploration Holdings, Inc.’s Current Report on Form 8–K filed with the SEC on August 1, 2016)


4.18 Registration Rights Agreement, dated January 29, 2018, by and among SAExploration Holdings, Inc. and the holders named therein (incorporated by reference from Exhibit 10.1 to SAExploration Holdings, Inc.’s Current Report on Form 8–K filed with the SEC on February 1, 2018)

4.19 Registration Rights Agreement, dated as of September 26, 2018, by and among SAExploration Holdings, Inc. and the Purchasers 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 October 2, 2018)

4.20* Description of Registrant’s Securities Registered under Section 12 of the Securities Exchange Act of 1934

10.1 Form of Indemnification Agreement (incorporated by reference From Exhibit 10.8 to SAExploration Holdings, Inc.’s Current Report on Form 8–K filed with the SEC on June 28, 2013)

10.2 Third Amended and Restated Credit and Security Agreement, dated as of September 26, 2018, among SAExploration, Inc., as Borrower, the Guarantors from time to time party thereto, the Lenders from time to time party thereto and Cantor Fitzgerald Securities, as ABL Agent (incorporated by reference from Exhibit 10.4 to SAExploration Holdings, Inc.’s Current Report on Form 8–K filed with the SEC on October 2, 2018)

10.3 Amendment No. 1 to Third Amended and Restated Credit and Security Agreement, dated as of January 25, 2019, among SAExploration, Inc., as Borrower, the Guarantors from time to time party thereto, the Lenders from time to time party thereto and Cantor Fitzgerald Securities, as ABL Agent (incorporated by reference from Exhibit 10.3 to SAExploration Holdings, Inc.’s Annual Report on Form 10–K filed with the SEC on March 25, 2019)

10.4 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 from time to time party thereto, the Lenders from time to time 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)

10.5 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)

10.6 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)
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)

Amendment No. 6 to Third Amended and Restated Credit and Security Agreement, dated as of January 10, 2020 among SAExploration, Inc., SAExploration Holdings, Inc., the other loan parties party 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 January 13, 2020)

Amendment No. 7 to Third Amended and Restated Credit and Security Agreement and Waiver, dated as of February 7, 2020 among SAExploration, Inc., SAExploration Holdings, Inc., the other loan parties party thereto and the lenders party thereto (incorporated by reference from Exhibit 10.28 to SAExploration Holdings, Inc.’s Quarterly Report on Form 10–Q filed with the SEC on February 7, 2020)

Consent Letter dated February 20, 2020, with respect to the Third Amended and Restated Credit and Security Agreement

Consent Letter dated March 18, 2020, with respect to the Third Amended and Restated Credit and Security Agreement

Forbearance Agreement, dated as of September 23, 2019, among SAExploration, Inc., SAExploration Holdings, Inc., the other loan parties 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 September 23, 2019)

Amendment No. 1 to Forbearance Agreement, dated as of December 31, 2019, among SAExploration, Inc., SAExploration Holdings, Inc., the other loan parties 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)

Forbearance Agreement, dated as of April 13, 2020, among SAExploration, Inc., SAExploration Holdings, Inc., the other loan parties thereto and the lenders party thereto

Term Loan and Security Agreement, dated as of June 29, 2016, by and among SAExploration Holdings, Inc., as borrower, the guarantors named therein, as guarantors, the lenders, as lenders and Delaware Trust Company, as administrative agent and collateral agent (incorporated by reference from Exhibit 10.1 to SAExploration Holdings, Inc.’s Current Report on Form 8–K filed with the SEC on July 1, 2016)

Amended and Restated Intercreditor Agreement, dated as of June 29, 2016, by and among Wells Fargo Bank, National Association, as lender and collateral agent, Wilmington Savings Fund Society, FSB, as trustee and collateral agent, Delaware Trust Company, as administrative agent, collateral agent and, upon execution of an additional indebtedness joinder and designation, the additional noteholder agent (incorporated by reference from Exhibit 10.2 to SAExploration Holdings, Inc.’s Current Report on Form 8–K filed with the SEC on July 1, 2016)

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)

Amendment No. 1 dated as of October 24, 2016 to Term Loan and Security Agreement, dated as of June 29, 2016 (incorporated by reference from Exhibit 10.1 to SAExploration Holdings, Inc.’s Current Report on Form 8–K filed with the SEC on October 27, 2016)

Amendment No. 2 dated as of September 8, 2017 to Term Loan and Security Agreement (incorporated by reference from Exhibit 10.1 to SAExploration Holdings, Inc.’s Current Report on Form 8–K filed with the SEC on September 14, 2017)

Amendment No. 3 dated as of February 28, 2018 to Term Loan and Security Agreement (incorporated by reference from Exhibit 10.2 to SAExploration Holdings, Inc.’s Current Report on Form 8–K filed with the SEC on March 2, 2018)

85
Amendment No. 1 to Forbearance Agreement, dated as of December 31, 2019, among SAExploration Holdings, Inc. and the holders 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 January 2, 2020).

Forbearance Agreement, dated as of April 13, 2020, among SAExploration Holdings, Inc. and the holders party thereto

Pledge and Security Agreement, dated as of September 26, 2018, by and among SAExploration Holdings, Inc. and certain of its subsidiaries in favor of Wilmington Savings Fund Society, FSB, as Collateral Trustee (incorporated by reference from Exhibit 10.3 to SAExploration Holdings, Inc.’s Current Report on Form 8–K filed with the SEC on October 2, 2018)

Amendment No. 1 to Pledge and Security Agreement, dated as of January 25, 2019 by and among SAExploration Holdings, Inc. and certain of its subsidiaries in favor of Wilmington Savings Fund Society, FSB, as Collateral Trustee (incorporated by reference from Exhibit 10.18 to SAExploration Holdings, Inc.’s Annual Report on Form 10–K filed with the SEC on March 25, 2019)

Intercreditor Agreement, dated as of September 26, 2018, among Cantor Fitzgerald Securities, as ABL Agent, Delaware Trust Company, as Term Agent and Wilmington Savings Fund Society, FSB, as Convertible Noteholder Trustee, and acknowledged and consented to by SAExploration Holdings, Inc. and certain of its subsidiaries (incorporated by reference from Exhibit 10.5 to SAExploration Holdings, Inc.’s Current Report on Form 8–K filed with the SEC on October 2, 2018)

Amendment No. 1 to 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, 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)

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)

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)

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)


Asset Purchase Agreement for the CRD Surveys, dated as of January 10, 2020 among SAExploration, Inc. and TGS-NOPEC Geophysical Company ASA (incorporated by reference from Exhibit 10.2 to SAExploration Holdings, Inc.’s Current Report on Form 8–K filed with the SEC on January 13, 2020)

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 SAExploration Holdings, Inc.’s Current Report on Form 8–K filed with the SEC on January 13, 2020)

Form of Director and Officer Indemnification Agreement (incorporated by reference from Exhibit 10.4 to SAExploration Holdings, Inc.’s Current Report on Form 8–K filed with the SEC on August 1, 2016)

Executive Employment Agreement, dated as of August 19, 2019, between Michael Faust and SAExploration Holdings, Inc. (incorporated by reference from Exhibit 10.1 to SAExploration Holdings, Inc.’s Current Report on Form 8–K filed with the SEC on August 22, 2019)

First Amendment to Executive Employment Agreement, dated February 27, 2020, between Michael Faust and SAExploration Holdings, Inc. (incorporated by reference from Exhibit 10.2 to SAExploration Holdings, Inc.’s Current Report on Form 8–K filed with the SEC on March 2, 2020)
Amended and Restated Executive Employment Agreement, dated August 3, 2016, by and between SAExploration Holdings, Inc. and Jeff Hastings (incorporated by reference from Exhibit 10.1 to SAExploration Holdings, Inc.’s Current Report on Form 8-K filed with the SEC on August 9, 2016)

Letter Amendment to Amended and Restated Executive Employment Agreement, dated August 3, 2016, by and between SAExploration Holdings, Inc. and Jeff Hastings, Brian Beatty, Brent Whiteley, Michael Scott, Darin Silvernagle and Ryan Abney (incorporated by reference from Exhibit 10.2 to SAExploration Holdings, Inc.’s Quarterly Report on Form 10-Q filed with the SEC on August 21, 2017)

Letter Amendment to Amended and Restated Executive Employment Agreement, dated August 3, 2016, by and between SAExploration Holdings, Inc. and Jeff Hastings, Brian Beatty, Brent Whiteley, Michael Scott, Darin Silvernagle and Ryan Abney (incorporated by reference from Exhibit 10.3 to SAExploration Holdings, Inc.’s Quarterly Report on Form 10-Q filed with the SEC on August 21, 2017)

First Amendment to Amended and Restated Executive Employment Agreement, dated January 29, 2018, by and between SAExploration Holdings, Inc. and Jeff Hastings (incorporated by reference from Exhibit 10.20 to SAExploration Holdings, Inc.’s Annual Report on Form 10-K filed with the SEC on March 16, 2018)

Second Amendment to the Amended and Restated Executive Employment Agreement, dated as of August 15, 2019, between SAExploration Holdings, Inc. and Jeffrey Hastings (incorporated by reference from Exhibit 10.2 to SAExploration Holdings, Inc.’s Current Report on Form 8-K filed with the SEC on August 9, 2019)

First Amendment to Amended and Restated Executive Employment Agreement, dated January 29, 2018, by and between SAExploration Holdings, Inc. and Brian Beatty (incorporated by reference from Exhibit 10.23 to SAExploration Holdings, Inc.’s Annual Report on Form 10-K filed with the SEC on March 16, 2018)

First Amendment to Amended and Restated Executive Employment Agreement, dated January 29, 2018, by and between SAExploration Holdings, Inc. and Brent Whiteley (incorporated by reference from Exhibit 10.26 to SAExploration Holdings, Inc.’s Annual Report on Form 10-K filed with the SEC on March 16, 2018)

First Amendment to Amended and Restated Executive Employment Agreement, dated January 29, 2018, by and between SAExploration Holdings, Inc. and Mike Scott (incorporated by reference from Exhibit 10.29 to SAExploration Holdings, Inc.’s Annual Report on Form 10-K filed with the SEC on March 16, 2018)

First Amendment to Amended and Restated Executive Employment Agreement, dated January 29, 2018, by and between SAExploration Holdings, Inc. and Darin Silvernagle (incorporated by reference from Exhibit 10.30 to SAExploration Holdings, Inc.’s Annual Report on Form 10-K filed with the SEC on March 16, 2018)

Amended and Restated Executive Employment Agreement, dated August 3, 2016, by and between SAExploration Holdings, Inc. and Ryan Abney (incorporated by reference from Exhibit 10.6 to SAExploration Holdings, Inc.’s Current Report on Form 8-K filed with the SEC on August 9, 2016)

Executive Employment Agreement, dated August 3, 2016, by and between SAExploration Holdings, Inc. and Ryan Abney (incorporated by reference from Exhibit 10.1 to SAExploration Holdings, Inc.’s Current Report on Form 8-K filed with the SEC on November 15, 2016)
Second Amendment to Executive Employment Agreement, dated January 29, 2018, by and between SAExploration Holdings, Inc. and Ryan Abney (incorporated by reference from Exhibit 10.33 to SAExploration Holdings, Inc.’s Annual Report on Form 10–K filed with the SEC on March 16, 2018)

Separation and Consulting Agreement, dated as of December 27, 2019, between SAExploration Holdings, Inc. and Ryan Abney

Amended and Restated 2018 Long–Term Incentive Plan (incorporated by reference from Exhibit 10.1 to SAExploration Holdings, Inc.’s Current Report on Form 8–K filed with the SEC on August 14, 2018)

Amendment to Amended and Restated 2018 Long–Term Incentive Plan (incorporated by reference from Exhibit 10.1 to SAExploration Holdings, Inc.’s Current Report on Form 8–K filed with the SEC on October 19, 2018)

Form of 2018 LTIP Restricted Stock Unit Notice and Agreement (incorporated by reference from Exhibit 10.1 to SAExploration Holdings, Inc.’s Current Report on Form 8–K filed with the SEC on August 14, 2019)

Form of True–Up MIP Award Restricted Stock Unit Notice and Agreement (incorporated by reference from Exhibit 10.2 to SAExploration Holdings, Inc.’s Current Report on Form 8–K filed with the SEC on August 16, 2019)

Engagement Letter, dated as of August 15, 2019, between SAExploration Holdings, Inc. and Ham, Langston & Brezina, LLP (incorporated by reference from SAExploration Holdings, Inc.’s Current Report on Form 8–K filed with the SEC on August 16, 2019)

Code of Ethics (incorporated by reference from Exhibit 14.1 to SAExploration Holdings, Inc.’s Annual Report on Form 10–K/A filed with the SEC on February 7, 2020)

List of subsidiaries

Consent of Pannell Kerr Forster of Texas, P.C.

Rule 13a–14(a) Certification of Chief Executive Officer

Rule 13a–14(a) Certification of Chief Financial Officer

Section 1350 Certification of Chief Executive Officer

Section 1350 Certification of Chief Financial Officer

Interactive Data Files

* Filed herewith

** Furnished herewith

+ Management contract or compensatory plan or arrangement

89
Pursuant to the requirements of the Section 13 or 15(d) 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.

Date: April 13, 2020

By: /s/ Kevin Hubbard
    Kevin Hubbard
    Interim Chief Financial Officer

POWER OF ATTORNEY

The undersigned directors and officers of SAExploration Holdings, Inc. hereby constitute and appoint Michael Faust and Kevin Hubbard, and each of them, with full power to act without the other and with full power of substitution and resubstitution, our true and lawful attorneys—in–fact with full power to execute in our name and behalf in the capacities indicated below, this annual report on Form 10–K and any and all amendments thereto and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, and hereby ratify and confirm all that such attorneys—in–fact, or any of them, or their substitutes shall lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of Securities Exchange Act of 1934, as amended, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<table>
<thead>
<tr>
<th>SIGNATURE</th>
<th>TITLE</th>
<th>DATE</th>
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<tbody>
<tr>
<td>/s/ Michael Faust</td>
<td>Chief Executive Officer, President and Chairman of the Board</td>
<td>April 13, 2020</td>
</tr>
<tr>
<td>Michael Faust</td>
<td>(principal executive officer)</td>
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</tr>
<tr>
<td>/s/ Kevin Hubbard</td>
<td>Interim Chief Financial Officer</td>
<td>April 13, 2020</td>
</tr>
<tr>
<td>Kevin Hubbard</td>
<td>(principal financial officer and principal accounting officer)</td>
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<tr>
<td>/s/ L. Melvin Cooper</td>
<td>Director</td>
<td>April 13, 2020</td>
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<td>L. Melvin Cooper</td>
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<tr>
<td>/s/ Gary Dalton</td>
<td>Director</td>
<td>April 13, 2020</td>
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<td>Gary Dalton</td>
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<tr>
<td>/s/ Alan B. Menkes</td>
<td>Director</td>
<td>April 13, 2020</td>
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<td>Alan B. Menkes</td>
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<tr>
<td>/s/ Jacob Mercer</td>
<td>Director</td>
<td>April 13, 2020</td>
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<td>Jacob Mercer</td>
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Description of Registrant’s Securities Registered under Section 12 of the Securities Exchange Act of 1934

The following description sets forth certain material terms and provisions of the common stock, par value $0.0001 per share (the “Common Stock”), of SAExploration Holdings, Inc., which is registered under Section 12 of the Securities Exchange Act of 1934, as amended. This description also summarizes relevant provisions of the General Corporation Law of the State of Delaware (the “DGCL”). The following description is a summary and does not purport to be complete. It is subject to, and qualified in its entirety by reference to, the applicable provisions of the DGCL, our Third Amended and Restated Certificate of Incorporation (as amended, the “Certificate of Incorporation”), our Second Amended and Restated By–Laws (as amended, the “Bylaws”), the Indenture (as defined below) with respect to the Convertible Notes (as defined below) and the Conversion Warrants (as defined below), the Series A & B Warrant Agreement (as defined below) with respect to our Series A Warrants (as defined below) and Series B Warrants (as defined below), the Series C Warrant Agreement (as defined below) with respect to our Series C Warrants (as defined below), the Series D Warrant Agreement (as defined below) with respect to our Series D Warrants (as defined below), the Series E Warrant Agreement (as defined below) with respect to our Series E Warrants (as defined below) and the Series F Warrant Agreement (as defined below) with respect to our Series F Warrants (as defined below). The Certificate of Incorporation, Bylaws, Indenture, Series A & B Warrant Agreement, Series C Warrant Agreement, Series D Warrant Agreement, Series E Warrant Agreement and Series F Warrant Agreement, which are filed as Exhibit 3.1, Exhibit 3.2, Exhibit 3.3, Exhibit 3.4, Exhibit 3.5, Exhibit 3.6, Exhibit 3.7, Exhibit 4.5, Exhibit 4.6, Exhibit 4.7, Exhibit 4.8, Exhibit 4.10, Exhibit 4.11, Exhibit 4.12, Exhibit 4.13, and Exhibit 4.14, respectively, to the Annual Report on Form 10-K of which this Exhibit 4.20 is a part, are incorporated by reference herein. We encourage you to read the Certificate of Incorporation, Bylaws, Indenture, Series A & B Warrant Agreement, Series C Warrant Agreement, Series D Warrant Agreement, Series E Warrant Agreement and Series F Warrant Agreement, and the applicable provisions of the DGCL for additional information. Unless the context requires otherwise, all references to “we,” “us,” “our” and the “Company” in this Exhibit 4.20 refer solely to SAExploration Holdings, Inc. and not to our subsidiaries.

Authorized Capital Stock

As of March 17, 2020, we are authorized to issue 40,000,000 shares of Common Stock, and 1,000,000 shares of preferred stock, par value $0.0001 per share (the “Preferred Stock”). As of March 17, 2020, 4,436,292 shares of our Common Stock are outstanding and no shares of our Preferred Stock are outstanding.
Common Stock

Under the Certificate of Incorporation, each holder of our Common Stock will be entitled to one vote for each share of Common Stock, subject to any rights granted to any future holders of Preferred Stock and any effect of Section 2.9 of our Bylaws. Section 2.9 of our Bylaws prevents any investment entity that is not a “United States person,” as defined in Section 7701(a)(30) of the Internal Revenue Code of 1986, and that is managed by BlueMountain Capital Management, LLC or its affiliates (a “Non-U.S. Blue Mountain Investment Fund”), from possessing 10% or greater of the votes applicable to the outstanding Common Stock. The effect of this will be to eliminate the voting power of any Non-U.S. Blue Mountain Investment Fund’s Common Stock to the extent it provides 10% or greater of the voting power of our outstanding Common Stock. If this were to occur, the other stockholders would possess greater voting power due to the reduction in the total shares able to vote.

Pursuant to the Certificate of Incorporation, all directors are elected on an annual basis. In addition, the Certificate of Incorporation states that any vacancies on the board of directors may be filled by an affirmative vote of a majority of the remaining members; provided, that for so long as any Principal Stockholder (as defined in the Certificate of Incorporation) holds (together with its affiliates, excluding us and our other affiliates) at least nine percent (9%) of the outstanding Common Stock, if there is a vacancy of a director nominated by one of the Principal Stockholders, then the nominating Principal Stockholder is entitled to nominate a successor to such director, and we and our board of directors must take all actions necessary to ensure that person is appointed to the board of directors as promptly as practicable.

Upon the dissolution, liquidation or winding up of the Company, subject to the rights, if any, of the holders of our Preferred Stock, our common stockholders shall be entitled to receive the assets of the Company available for distribution to our common stockholders ratably in proportion to the number of shares held by them. Our common stockholders have no conversion, preemptive, or other subscription rights and there are no sinking fund or redemption provisions applicable to the shares of Common Stock.

Unless we consent in writing to the selection of an alternative forum, the sole and exclusive forum for (a) any derivative action or proceeding brought on our behalf; (b) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers, employees or agents to us or our stockholders; (c) any action asserting a claim arising pursuant to any provisions of the DGCL, the Certificate of Incorporation, or the Bylaws; or (d) any action asserting a claim governed by the internal affairs doctrine shall, in each case, be the Court of Chancery of the State of Delaware. If the Court of Chancery of the State of Delaware lacks jurisdiction over such action or proceeding, the sole and exclusive forum for such action or proceeding shall be another court of the State of Delaware or, if no court of the State of Delaware has jurisdiction, then the federal district court for the District of Delaware. This exclusive forum provision would not apply to suits brought under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, or any other claim for which the federal courts have exclusive jurisdiction.
Preferred Stock

There are no shares of our Preferred Stock outstanding. The Certificate of Incorporation authorizes the issuance of 1,000,000 shares of Preferred Stock with such designations, rights and preferences as may be determined from time to time by our board of directors. Accordingly, our board of directors is empowered, without stockholder approval, to issue Preferred Stock with dividend, liquidation, conversion, voting or other rights which could adversely affect the voting power or other rights of the holders of our Common Stock. We may issue some or all of the Preferred Stock to effect a business combination. In addition, the Preferred Stock could be utilized as a method of discouraging, delaying or preventing a change in control of us. Although we do not currently intend to issue any shares of Preferred Stock, we cannot assure you that we will not do so in the future.

Convertible Notes

We issued the 6.00% Senior Secured Convertible Notes due 2023 (the “Convertible Notes”) under an Indenture, dated as of September 26, 2018 (as amended, the “Indenture”), by and among us, as issuer, the guarantors party thereto, and Wilmington Savings Fund Society, FSB, as trustee and collateral trustee, establishing the terms and providing for the issuance of the Convertible Notes. We sold the Convertible Notes pursuant to that certain Note Purchase Agreement, dated as of September 26, 2018, by and among us, the guarantors party thereto and the purchasers thereto.

Subject to and upon compliance with the Indenture, each holder of a Convertible Note has the right, at such holder’s option, at any time prior to the close of business on the second business day preceding September 26, 2023 (the “Maturity Date”), to convert all or a portion of such Convertible Note, at an initial conversion rate of 173.91304 shares of Common Stock (subject to customary adjustment as provided in the Indenture) (the “Conversion Rate”) per $1,000 principal amount of Convertible Notes into shares of Common Stock (such shares, the “Conversion Shares”) or, for certain Permitted Holders (as defined in the Indenture), warrants (the “Conversion Warrants”) to purchase an equal number of shares of Common Stock (the “Conversion Obligation”). The initial conversion price was approximately $5.75 per share of Common Stock as of the date of issuance. There are 10,434,783 shares of Common Stock initially issuable upon full conversion of the Convertible Notes and/or exercise of the Conversion Warrants (or up to 15,000,000 shares of Common Stock issuable upon a Make-Whole Fundamental Change (as defined in the Indenture)).

The Conversion Rate is subject to adjustment upon the occurrence of certain events. In addition, following certain corporate events that occur prior to the Maturity Date, we will increase, in certain circumstances, the Conversion Rate for a holder who elects to convert its Convertible Notes in connection with such a corporate event. Upon conversion, we may settle our Conversion Obligation in cash; the Conversion Shares (or, if applicable, Conversion Warrants), together with cash, if applicable, in lieu of delivering any fractional Conversion Share (or, if applicable, Conversion Warrant); or a combination of cash and Conversion Shares (or, if applicable, Conversion Warrants), at our election.
If a holder of Convertible Notes elects to convert such holder’s Convertible Notes into Conversion Warrants, the Conversion Warrants will be issued pursuant to an agreed form of warrant agreement with Continental Stock Transfer & Trust Company (“CST”), as warrant agent. Such Conversion Warrants will be exercisable at an exercise price of $0.0001 per share, subject to adjustment pursuant to customary anti-dilution provisions and will be generally exercisable at any time and from time to time.

We may not redeem the Convertible Notes prior to October 1, 2021. On or after October 1, 2021, we may redeem all or part of the Convertible Notes, at our option, if the last reported sale price of the Common Stock has been at least 150% of the conversion price then in effect (i) on the trading day immediately preceding the date on which we provide notice of redemption and (ii) for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading day period ending on, and including, the trading day immediately preceding the date on which we provide notice of redemption, at a redemption price equal to 100% of the principal amount of the Convertible Notes to be redeemed, payable in cash, plus accrued and unpaid interest, if any, to, but excluding, such date of redemption, and any make whole premium (as described in the Indenture).

If a Fundamental Change (as defined in the Indenture) occurs, then holders of the Convertible Notes may, subject to certain restrictions, require us to repurchase for cash all or part of the Convertible Notes in principal amounts of $1,000 or an integral multiple thereof at a repurchase price equal to 100% of the principal amount of the Convertible Notes to be repurchased, plus accrued and unpaid interest thereon to, but excluding, such date of repurchase.

Warrants

Series A & B Warrants

On July 27, 2016, we entered into a warrant agreement (the “Series A & B Warrant Agreement”) with CST, as warrant agent. Pursuant to the Series A & B Warrant Agreement, we issued two series of warrants (the “Series A Warrants” and “Series B Warrants” and, together, the “Series A & B Warrants”) to the holders of our Common Stock as of July 26, 2016. On July 27, 2016, we issued 154,108 Series A Warrants and 154,108 Series B Warrants. Each Series A Warrant gives the holder thereof the right to purchase 0.05 of a share of Common Stock at a current exercise price of $10.30 per share, subject to further adjustment pursuant to customary anti-dilution provisions. Each Series B Warrant gives the holder thereof the right to purchase 0.05 of a share of Common Stock at a current exercise price of $12.88 per share, subject to further adjustment pursuant to customary anti-dilution provisions. The Series A & B Warrants expire at the close of business on July 27, 2021. The Series A & B Warrants may only be exercised within 30 days prior to the expiration date. As of March 17, 2020, there were 154,376 Series A Warrants and 154,376 Series B Warrants outstanding.

Series C Warrants

On January 29, 2018, we entered into a warrant agreement (the “Series C Warrant Agreement”) with CST, as warrant agent. Pursuant to the Series C Warrant Agreement, we issued 8,286,061 warrants (the “Series C Warrants”) to certain eligible holders of our 10.00%
Senior Secured Second Lien Notes due 2019 and eligible holders of our 10.00% Senior Secured Notes due 2019. Each Series C Warrant gives the holder thereof the right to purchase 0.05 of a share of Common Stock at an initial exercise price of $0.0001 per share, subject to further adjustment pursuant to customary anti-dilution provisions. The Series C Warrants may generally be exercised at any time and from time to time. As of March 17, 2020, there were 124,275 Series C Warrants outstanding.

**Series D Warrants**

On March 8, 2018, we entered into a warrant agreement (the “Series D Warrant Agreement”) with CST, as warrant agent, in connection with the mandatory conversion of the Company’s Mandatorily Convertible Series B Preferred Stock. Pursuant to the Series D Warrant Agreement, we issued 14,098,370 warrants (the “Series D Warrants”). Each Series D Warrant gives the holder thereof the right to purchase up 0.05 of a share of Common Stock at an initial exercise price of $0.0001 per share, subject to further adjustment pursuant to customary anti-dilution provisions. The Series D Warrants may generally be exercised at any time and from time to time. As of March 17, 2020, there were 11,094,844 Series D Warrants outstanding.

**Series E Warrants**

On September 6, 2018, the Company entered into a warrant agreement (the “Series E Warrant Agreement”) with CST, as warrant agent, in connection with the conversion of the Company’s 8.0% Cumulative Perpetual Series A Preferred Stock. Pursuant to the Series E Warrant Agreement, we initially issued 94,813,594 warrants (the “Series E Warrants”). Each Series E Warrant gives the holder thereof the right to purchase 0.05 of a share of Common Stock, subject to further adjustment pursuant to customary anti-dilution provisions, at an exercise price of $0.0001 per share. The Series E Warrants may generally be exercised at any time and from time to time. As of March 17, 2020, there were 54,552,934 Series E Warrants outstanding.

**Series F Warrants**

On December 11, 2019, the Company entered into a warrant agreement (the “Series F Warrant Agreement”) with CST, as warrant agent. Pursuant to the Series F Warrant Agreement, we issued 429,537 warrants (the “Series F Warrants”) on December 11, 2019 and 429,967 Series F Warrants on January 14, 2020 to certain lenders under our Third Amended and Restated Credit and Security Agreement, dated as of September 26, 2018. The remaining 1,180,926 Series F Warrants will be issued upon receipt by the Company of the approval of its shareholders of the issuance of the underlying shares of Common Stock. Each Series F Warrant gives the holder thereof the right to purchase one share of Common Stock, subject to further adjustment pursuant to customary anti-dilution provisions, at an exercise price of $0.0001 per share. The Series F Warrants may generally be exercised at any time and from time to time. As of March 17, 2020, there were 859,504 Series F Warrants outstanding.
Conversion Warrants

See the above description under “Convertible Notes.”

Anti-Takeover Effects of Delaware and the Certificate of Incorporation and Bylaws

General. Certain provisions of the Certificate of Incorporation and Bylaws, and certain provisions of the DGCL could make our acquisition by a third party, a change in our incumbent management, or a similar change of control more difficult. These provisions, which are summarized below, are likely to reduce our vulnerability to an unsolicited proposal for the restructuring or sale of all or substantially all of our assets or an unsolicited takeover attempt. The summary of the provisions set forth below does not purport to be complete and is qualified in its entirety by reference to the Certificate of Incorporation and the Bylaws and the relevant provisions of the DGCL.

Preferred Stock. The authorization of undesignated (blank check) Preferred Stock makes it possible for our Board of Directors to issue Preferred Stock with voting or other rights or preferences that could impede the success of any attempt to acquire control of the Company.

Advance Notice Requirements. Stockholders wishing to nominate persons for election to our Board of Directors at a meeting or to propose any business to be considered by our stockholders at a meeting must comply with certain advance notice and other requirements set forth in our Bylaws.

Special Meetings. Our Bylaws provide that special meetings of stockholders may only be called by a majority of the Board of Directors, or by the Secretary at the request in writing of holders of at least a majority of the Company’s outstanding capital stock.

Board Vacancies. Our Certificate of Incorporation provides that any vacancy on our Board of Directors, howsoever resulting, may be filled by a majority vote of the remaining directors, subject to the right of any Principal Stockholder with respect to board nominees discussed above.

Removal of Directors. Our Bylaws provide that any director may be removed from office with or without cause by a majority vote of the holders of the outstanding shares then entitled to vote at an election of directors.
Section 203 of the DGCL

We are subject to the provisions of Section 203 of the DGCL regulating corporate takeovers. In general, those provisions prohibit a Delaware corporation from engaging in any business combination with any “interested stockholder” (as defined in the DGCL) for a period of three years following the date that the stockholder became an interested stockholder, unless:

• the transaction is approved by the board of directors before the date the interested stockholder attained that status;

• upon consummation of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced; or

• on or after such time the business combination is approved by the board of directors and authorized at a meeting of stockholders by at least two-thirds of the outstanding voting stock that is not owned by the interested stockholder.

Section 203 defines “business combination” to include the following:

• any merger or consolidation involving the corporation and the interested stockholder;

• any sale, transfer, pledge or other disposition of 10% or more of the assets of the corporation involving the interested stockholder;

• subject to certain exceptions, any transaction that results in the issuance or transfer by the corporation of any stock of the corporation to the interested stockholder;

• any transaction involving the corporation that has the effect of increasing the proportionate share of the stock of any class or series of the corporation beneficially owned, directly or indirectly, by the interested stockholder; or

• the receipt by the interested stockholder of the benefit, directly or indirectly, of any loans, advances, guarantees, pledges or other financial benefits provided by or through the corporation.

In general, Section 203 defines an interested stockholder as any entity or person beneficially owning 15% or more of the outstanding voting stock of the corporation and any entity or person affiliated with or controlling or controlled by any of these entities or persons.

A Delaware corporation may “opt out” of Section 203 with an express provision in its original certificate of incorporation or an express provision in its certificate of incorporation or bylaws resulting from amendments approved by the holders of at least a majority of the corporation’s outstanding voting shares. We have not opted out of the provisions of Section 203. The statute could prohibit or delay mergers or other takeover or change in control attempts and, accordingly, may discourage attempts to acquire us.
**Stock Exchange Listing**

Our Common Stock trades on the Nasdaq Capital Market under the symbol “SAEX.” Our Series A & B Warrants trade on the OTCQB market under the shared symbol “SXPLW.”

**Transfer Agent**

The transfer agent for our Common Stock is Continental Stock Transfer & Trust Company, 1 State Street, 30th Floor, New York, New York 10004.
CONSENT LETTER

February 20, 2020

SAExploration Holdings, Inc.
1160 Dairy Ashford, Suite 160
Houston, Texas 77079
Attn: Michael Faust,
Chief Executive Officer and President

Dear Mr. Faust:

Reference is hereby made to that certain Third Amended and Restated Credit and Security Agreement dated as of September 26, 2018, entered into among SAExploration, Inc., a Delaware corporation (the “Borrower”), the Guarantors party thereto, the Lenders party thereto and Cantor Fitzgerald Securities, as administrative agent and collateral agent for the Lenders (as amended, supplemented or otherwise modified, the “Agreement”).

Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to them in the Agreement.

By signing below, the Lenders party hereto hereby consent and agree that the date “February 28, 2020” in Section 6.19(d) of the Agreement is hereby amended and extended to “April 13, 2020.”

The effectiveness of this consent letter is subject to execution and delivery of this consent letter by Required Lenders.

This consent letter is a Loan Document. This consent letter 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 consent letter by telecopier or electronic mail shall be effective as delivery of a manually executed counterpart of this consent letter. This consent letter 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.

[Signature Pages Follow]
IN WITNESS WHEREOF, the undersigned Lenders party hereto have caused this consent letter to be executed and delivered as of the date first above written.

LENDERS:

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

[Signature Page to Consent Letter]
LENDERS:

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

[Signature Page to Consent Letter]
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

[Signature Page to Consent Letter]
LENDER:

By: /s/ John Pecora
    John Pecora

[Signature Page to Consent Letter]
CONSENT LETTER

March 18, 2020

SAExploration Holdings, Inc.
1160 Dairy Ashford, Suite 160
Houston, Texas 77079
Attn: Michael Faust,
Chief Executive Officer and President

Dear Mr. Faust:

Reference is hereby made to that certain Third Amended and Restated Credit and Security Agreement dated as of September 26, 2018, entered into among SAExploration, Inc., a Delaware corporation (the “Borrower”), the Guarantors party thereto, the Lenders party thereto and Cantor Fitzgerald Securities, as administrative agent and collateral agent for the Lenders (as amended, supplemented or otherwise modified, the “Agreement”).

Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to them in the Agreement.

By signing below, the Lenders party hereto hereby consent and agree that the date “April 28, 2020” in Section 6.19(d) of the Agreement is hereby amended and extended to “July 28, 2020” and that such date may also be further amended and extended pursuant to an e-mail in which the Borrower and the Required Lenders (or their respective advisors, including Paul, Weiss) affirmatively consent to such proposed extension in such e-mail.

The effectiveness of this consent letter is subject to execution and delivery of this consent letter by Required Lenders.

This consent letter is a Loan Document. This consent letter 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 consent letter by telecopier or electronic mail shall be effective as delivery of a manually executed counterpart of this consent letter. This consent letter 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.

[Signature Pages Follow]
IN WITNESS WHEREOF, the undersigned Lenders party hereto have caused this consent letter to be executed and delivered as of the date first above written.

LENDERS:

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

LENDERS:

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

[Signature Page to Consent Letter]
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:

By: /s/ John Pecora
John Pecora

(Signature Page to Consent Letter)
This Forbearance Agreement (this “Agreement”), is entered into as of April 13, 2020, by and among SAExploration, Inc., a Delaware corporation (the “Borrower”), SAExploration Holdings, Inc., a Delaware corporation (“Parent”), the other Loan Parties (as defined in the Credit Agreement referred to below) and the Lenders (as defined in the Credit Agreement) party hereto (the “Forbearing Lenders”), together constituting the Required Lenders (as defined in the Credit Agreement).

RECITALS:

A. The Borrower, the other Loan Parties, Cantor Fitzgerald Securities, as administrative agent and collateral agent for the Lenders under and as defined in the Credit Agreement (in such capacity, the “Agent”), and the Lenders (including the Forbearing Lenders) are party to that certain Third Amended and Restated Credit and Security Agreement, dated as of September 26, 2018 (as heretofore amended or otherwise modified or supplemented and in effect immediately prior to the effectiveness of this Agreement, the “Credit Agreement”), pursuant to which the Lenders agreed to provide loans to, or for the account of or benefit of the Borrower, on the terms and conditions set forth therein.

B. As of the date hereof certain Defaults and Events of Default under the Credit Agreement have occurred and are continuing, in each case as more specifically described in Exhibit A attached hereto.

C. The Borrower and the other Loan Parties have requested that the Forbearing Lenders, upon the terms and conditions set forth in this Agreement, forbear during the Forbearance Period (as defined below) from exercising certain rights and remedies arising from or in respect of the Existing Defaults (as defined on Exhibit A), pursuant to which the Lenders agreed to provide loans to, or for the account of or benefit of the Borrower, on the terms and conditions set forth therein.

D. The Forbearing Lenders are willing to grant such forbearance subject to the terms and conditions of this Agreement and the other Loan Documents.

NOW, THEREFORE, in consideration of the representations, warranties, covenants and agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Definitions. Capitalized terms used and not otherwise defined herein shall have the same meanings as set forth in the Credit Agreement. In addition, the following terms, for the purposes of this Agreement, shall have the following meanings:

   “Convertible Notes” means the 6.00% Senior Secured Convertible Notes due 2023 issued by Parent pursuant to the Convertible Notes Indenture.

   “Convertible Notes Forbearance Agreement” means that certain Forbearance Agreement, dated as of the date hereof, among Parent, the guarantors under the Convertible Notes Indenture, and holders constituting the “Required Holders” (as defined in the Convertible Notes Forbearance Agreement), related to the Convertible Notes Indenture and the Convertible Notes.

   “Convertible Notes Indenture” means that certain Senior Secured Convertible Notes Indenture, dated as of September 26, 2018, among Parent, the guarantors party thereto, and Wilmington Savings Fund Society, FSB, as trustee and as collateral trustee, as amended or otherwise modified, pursuant to which the Convertible Notes were issued.
“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 Requirement 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.

“Effective Date” has the meaning given to such term in Section 3 hereof.

“Existing Defaults” has the meaning given to such term in Exhibit A attached hereto.

“Forbearance Period” means the period commencing on the Effective Date and continuing until the Termination Date.

“Released Person” has the meaning given to such term in Section 8 hereof.

“Term Loan Credit Agreement” means that certain Term Loan and Security Agreement, dated as of June 26, 2016, among Parent, as borrower, the guarantors party thereto, the lenders party thereto, and Delaware Trust Company, as collateral agent and administrative agent, as amended or otherwise modified.

“Term Loan Forbearance Agreement” means that certain Forbearance Agreement, dated as of the date hereof, among Parent, the guarantors under the Term Loan Credit Agreement, and lenders under the Term Loan Credit Agreement constituting the “Required Lenders” (as defined under the Term Loan Credit Agreement), related to the Term Loan Credit Agreement.

“Termination Date” means 5:00 p.m. (New York time) on the earlier of (i) May 31, 2020 or (ii) the date on which a Termination Event occurs.

“Termination Event” means the occurrence of any of the following: (i) the receipt by the Loan Parties of a written notice from Forbearing Lenders constituting the Required Lenders terminating the Forbearance Period if (A) any representation or warranty made herein by any Loan Party shall be false in any material respect when made, (B) any Loan Party shall fail to perform, observe or comply with any of its covenants and agreements contained in this Agreement, including without limitation, any breach of Section 5 hereof, which failure is not remedied within one (1) Business Day after any Loan Party receives from any Forbearing Lender written notice thereof, (C) any Event of Default, other than an Existing Default, or an Event of Default pursuant to Sections 9.4 or 9.5 of the Credit Agreement, shall have occurred and be continuing, or (D) the “Termination Date” or any “Termination Event” (each, as defined in the Term Loan Forbearance Agreement or the Convertible Notes Forbearance Agreement, as applicable) shall occur, or the Term Loan Forbearance Agreement or the Convertible Notes Forbearance Agreement shall otherwise cease to be in full force and effect, or (ii) (A) any Event of Default pursuant to Sections 9.4 or 9.5 of the Credit Agreement or (B) the occurrence of any event that would cause an Event of Default under Sections 9.4 or 9.5 of the Credit Agreement if not for the applicable automatic stay order.

2. Forbearance; Acknowledgments.

2.1. As of the date hereof, each Loan Party specifically acknowledges the occurrence and continuation of the Existing Defaults. In reliance on the representations, warranties, covenants and agreements contained in this Agreement, and subject to the satisfaction of each condition precedent set
forth in Section 3 hereof, the Forbearing Lenders hereby agree to forbear during the Forbearance Period from exercising all rights and remedies under the Loan Documents and applicable law in respect of or arising as a result of the occurrence or continuance of any of the Existing Defaults. On and after the Termination Date, the Forbearing Lenders’ agreement hereunder to forbear shall terminate automatically without further act or action by any Forbearing Lender, and the Agent and the Forbearing Lenders shall be entitled to exercise any and all rights and remedies available to them under this Agreement and the other Loan Documents at law, in equity or otherwise, in each case, with respect to the Existing Defaults. For the avoidance of doubt, the foregoing forbearance shall not prohibit the Forbearing Lenders from delivering, or instructing the Agent to deliver, notices of any other Defaults, Events of Default or a Termination Event.

2.2. Notwithstanding the foregoing, the forbearance granted by the Forbearing Lenders shall not constitute, and shall not be deemed to constitute, a waiver of any of the Existing Defaults or any other Default or Event of Default under the Loan Documents, and no Forbearing Lender has agreed to forbear with respect to any of their respective rights or remedies concerning any Default or Event of Default (other than, during the Forbearance Period, the Existing Defaults, in each case solely to the extent set forth herein), which may have occurred or are continuing as of the date hereof or which may occur after the date hereof. Except as expressly set forth in Section 2.1 above, the Forbearing Lenders reserve the right, in their discretion, to exercise any or all of their rights and remedies under the Credit Agreement and the other Loan Documents, at law or otherwise, as a result of any Default or Event of Default which may be continuing on the date hereof or any Default or Event of Default which may occur after the date hereof, and the Forbearing Lenders have not waived any of such rights or remedies, and nothing in this Agreement, and no delay on any of their part in exercising any such rights or remedies, should be construed as a waiver of any such rights or remedies.

2.3. For the avoidance of doubt, this Agreement shall constitute written notice from the Required Lenders pursuant to Section 2.6(b) of the Credit Agreement, and from and after the date hereof the principal amount of all Obligations shall bear interest at the Default Rate.

2.4. Each Loan Party hereby acknowledges that as of the close of business on April 10, 2020, the outstanding principal amount of all Advances was $20,500,000.

3. Conditions Precedent. This Agreement shall be effective beginning on the first date that each condition precedent set forth in this Section 3 is satisfied (the “Effective Date”):

3.1. Signed Agreement. The Forbearing Lenders shall have received counterparts of this Agreement duly executed by the Loan Parties and the Forbearing Lenders constituting the Required Lenders.

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

3.3. Term Loan and Convertible Notes Forbearance Agreements. (a) The Term Loan Forbearance Agreement and (b) the Convertible Notes Forbearance Agreement, each in form and substance satisfactory to the Forbearing Lenders, shall have been executed by the parties thereto, and shall have become effective, in each case, substantially concurrently with the effectiveness of this Agreement, and, substantially concurrently with the effectiveness of this Agreement, the Forbearing
Lenders shall have received fully executed copies thereof and copies of any and all documents that are required to be delivered thereunder at or prior to the effectiveness thereof.

For purposes of determining compliance with the conditions specified in this Agreement each Forbearing Lender party to this Agreement by submitting their signature page hereto to Paul Weiss, 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 Forbearing Lenders by the Effective Date.

4. **Representations and Warranties.** To induce the Forbearing Lenders to enter into this Agreement, each Loan Party hereby represents and warrants as of the Effective Date as follows:

4.1 **Due Organization and Qualification.** Each Loan Party and each Domestic Subsidiary (i) is duly organized and existing and in good standing under the laws of the jurisdiction of its organization, (ii) is qualified to do business in any jurisdiction where the failure to be so qualified could reasonably be expected to result in a Material Adverse Change, and (iii) has all requisite power and authority to own and operate its properties, to carry on its business as now conducted and as proposed to be conducted, to enter into this Agreement and the other Loan Documents to which it is a party and to carry out the transactions contemplated hereby and thereby.

4.2 **Due Authorization; No Conflict.** The execution, delivery, and performance by each Loan Party of this Agreement and the other Loan Documents to which it is a party do not and will not (i) violate any material provision of federal, state, or local law or regulation applicable to any Loan Party or Domestic Subsidiary, the Governing Documents of any Loan Party or Domestic Subsidiary, or any order, judgment, or decree of any court or other Governmental Authority binding on any Loan Party or Domestic Subsidiary, (ii) conflict with, result in a breach of, or constitute (with due notice or lapse of time or both) a default under any Material Contract of any Loan Party or Domestic Subsidiary, except to the extent that any such conflict, breach or default has been waived or could not individually or in the aggregate reasonably be expected to result in a Material Adverse Change, (iii) result in or require the creation or imposition of any Lien of any nature whatsoever upon any assets of any Loan Party, other than Permitted Liens, or (iv) require any approval of any Loan Party’s interest holders or any approval or consent of any Person under any Material Contract of any Loan Party, other than consents or approvals that have been obtained and that are still in force and effect and except, in the case of Material Contracts, for consents or approvals, the failure to obtain could not individually or in the aggregate reasonably be expected to cause a Material Adverse Change.

4.3 **Binding Obligations.** This Agreement and each other Loan Document has been duly executed and delivered by each Loan Party that is a party thereto and is the legally valid and binding obligation of such Loan Party, enforceable against such Loan Party in accordance with its respective terms, except as enforcement may be limited by equitable principles or by bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or limiting creditors’ rights generally.

4.4 **No Other Defaults.** Except for the Existing Defaults, no other Default or Event of Default has occurred and is continuing.

4.5 **No Defenses.** No Loan Party has any defenses to payment, counterclaims, or rights of setoff or recoupment with respect to any Obligations applicable to such Loan Party owing to the Agent or any Lender as of the Effective Date.

5. **Covenants.** During the Forbearance Period, each Loan Party shall comply with the covenants set forth in this Section 5 in addition to the covenants in the Credit Agreement and any other
5.1. **Other Documentation.** Subject to the Disclosure Restrictions, the Loan Parties shall provide to the Forbearing Lenders such other documents, instruments and agreements as may be reasonably requested by the Forbearing Lenders on or after the date of this Agreement, all in form and substance reasonably satisfactory to the Forbearing Lenders.

5.2. **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 Credit Agreement include, without limitation, all reasonable and documented out-of-pocket fees and disbursements of each of (a) Brown Rudnick in its capacity as counsel to certain of the Lenders, and (b) Paul Weiss 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 to the extent permitted by applicable law) of the Credit Agreement, this Agreement, 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. Without limitation of the foregoing, the Loan Parties shall pay all of such reasonable documented out-of-pocket costs and expenses of the Forbearing Lenders (including reasonable documented out-of-pocket attorneys’ fees, including, without limitation, local counsel fees of one law firm per jurisdiction), in each case promptly (and, in any event, by no later than fourteen (14) days) following submission of invoices therefor. All amounts payable pursuant to this Section 5.2 shall constitute Obligations.

6. **Ratification of Loan Documents and Collateral.** Each Loan Party hereby acknowledges, ratifies, reaffirms and agrees that each of the Loan Documents to which it is a party, and the Liens and security interests created thereby in favor of the Agent, for the benefit of the Secured Parties, in the Collateral, are and will remain in full force and effect and binding on such Loan Party, and are enforceable in accordance with their respective terms and applicable law. By its execution hereof, each Loan Party (in its individual capacity and in its capacity as member, shareholder or partner of each other Loan Party, as applicable) acknowledges, ratifies and reaffirms all of the terms and provisions of the Loan Documents and the enforceability thereof against it. Without limitation of the foregoing, the Borrower hereby acknowledges, ratifies and confirms the Credit Agreement and all of its debts and obligations to the Agent and the Lenders thereunder.

7. **Guarantors Consent and Acknowledgement.** The Guarantors, for value received, hereby consent to the Borrower’s execution and delivery of this Agreement and the performance by the Borrower of its agreements and obligations hereunder. This Agreement and the performance or consummation of any transaction that may be contemplated under this Agreement 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.

8. **NO DEFENSES; RELEASE.** EACH LOAN PARTY (IN ITS OWN RIGHT AND ON BEHALF OF ITS PREDECESSORS, SUCCESSORS, LEGAL REPRESENTATIVES AND ASSIGNS) HEREBY EXPRESSLY AND UNCONDITIONALLY ACKNOWLEDGES AND AGREES THAT, AS OF THE DATE HEREOF, IT HAS NO SETOFFS, COUNTERCLAIMS, ADJUSTMENTS, RECOUPMENTS, OR DEFENSES TO THE OBLIGATIONS, OR ANY
GROUNDS OR CAUSE FOR REDUCTION, MODIFICATION, SET ASIDE OR SUBORDINATION OF THE OBLIGATIONS OR ANY LIENS OR SECURITY INTERESTS OF THE AGENT. IN PARTIAL CONSIDERATION FOR THE AGREEMENT OF THE FORBEARING LENDERS TO ENTER INTO THIS AGREEMENT, EACH LOAN PARTY HEREBY KNOWINGLY AND UNCONDITIONALLY WAIVES AND FULLY AND FINALLY RELEASES AND FOREVER DISCHARGES THE AGENT AND EACH FORBEARING LENDER, EACH OF THEIR RESPECTIVE AFFILIATES, AND ANY OF THEIR AND THEIR 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 PERSONS") FROM, AND COVENANTS NOT TO SUE THE RELEASED PERSONS FOR, ANY AND ALL SETOFFS, COUNTERCLAIMS, ADJUSTMENTS, RECOUPMENTS, CLAIMS, CAUSES, OF ACTION, ACTIONS, GROUNDS, CAUSES, DAMAGES, COSTS AND EXPENSES OF EVERY NATURE AND CHARACTER, WHETHER CONTINGENT, NONCONTINGENT, LIQUIDATED, UNLIQUIDATED, FIXED, MATURED, UNMATURED, DISPUTED, UNDISPUTED, LEGAL, EQUITABLE, SECURED OR UNSECURED, KNOWN OR UNKNOWN, ACTUAL OR PUNITIVE, FORESEEN OR UNFORESEEN, DIRECTLY ARISING OUT OF OR FROM OR RELATED TO ANY OF THE LOAN DOCUMENTS (EXCLUDING SETOFFS, COUNTERCLAIMS, ADJUSTMENTS, RECOUPMENTS, CLAIMS, CAUSES OF ACTION, ACTIONS, GROUNDS, CAUSES, DAMAGES, COSTS OR EXPENSES WHICH ARISE FROM ANY RELEASED PERSON'S WILLFUL MISCONDUCT OR GROSS NEGLIGENCE), WHICH ANY LOAN PARTY OWNS AND HOLDS AS OF THE DATE HEREOF, OR HAS AT ANY TIME PRIOR TO THE DATE HEREOF OWNED OR HELD, SUCH WAIVER, RELEASE AND DISCHARGE BEING MADE WITH FULL KNOWLEDGE AND UNDERSTANDING OF THE CIRCUMSTANCES AND EFFECTS OF SUCH WAIVER, RELEASE AND DISCHARGE AND AFTER HAVING CONSULTED LEGAL COUNSEL OF ITS OWN CHOOSING WITH RESPECT THERETO. THIS SECTION IS IN ADDITION TO ANY OTHER RELEASE OF ANY OF THE RELEASED PERSONS BY ANY LOAN PARTY AND SHALL NOT IN ANY WAY LIMIT ANY OTHER RELEASE, COVENANT NOT TO SUE, OR WAIVER BY ANY LOAN PARTY IN FAVOR OF ANY OF THE RELEASED PERSONS.

9. **No Obligation.** Each Loan Party hereby acknowledges and understands that upon the expiration or earlier termination of the Forbearance Period, if any Existing Default shall be continuing, and such Existing Default has not been waived by written agreement in accordance with the Credit Agreement, or if there shall at any time exist any other Event of Default, then the Agent and the Lenders shall have the right to proceed to exercise any or all available rights and remedies, which may include foreclosure on the Collateral and/or institution of legal proceedings, in accordance with the Loan Documents. The Agent and the Lenders shall have no obligation whatsoever to extend the maturity of the Obligations, waive any Default or Event of Default (including, but not limited to, the Existing Defaults), defer any payments, or further forbear from exercising their rights and remedies.

10. **No Implied Waivers.** No failure or delay on the part of the Agent or any Forbearing Lender in exercising, and no course of dealing with respect to, any right, power or privilege under this Agreement, the Credit Agreement or any other Loan Document shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege under this Agreement, the Credit Agreement or any other Loan Document preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

11. **Survival of Representations and Warranties.** All representations and warranties made by the Loan Parties in this Agreement shall be considered to have been relied upon by the other parties.
hereto and thereto and shall survive the execution and delivery of this Agreement and the making of any loans, regardless of any investigation made by any such other party or on its behalf and notwithstanding that any such party may have had notice or knowledge of any Default or Event of Default or incorrect representation or warranty, and shall continue in full force and effect as long as any of the Obligations is outstanding and unpaid and/or so long as the Commitments (and obligation to issue Commitments under the Credit Agreement (if any)) and other obligation of the Lenders to provide extensions of credit under the Credit Agreement (if any) has not expired or been terminated.

12. **Review and Construction of Documents.** Each Loan Party hereby acknowledges, and represents and warrants to the Forbearing Lenders that, such Loan Party has (a) had the opportunity to consult with legal counsel of its own choice and has been afforded an opportunity to review this Agreement with its legal counsel, (b) reviewed this Agreement and fully understands the effects thereof and all terms and provisions contained herein, and (c) executed this Agreement of its own free will and volition.

13. **ENTIRE AGREEMENT; AMENDMENT.** This Agreement, together with the other Loan Documents, reflects the entire understanding of the parties with respect to the transactions contemplated hereby and thereby and shall not be contradicted or qualified by any other agreement, oral or written, before the date hereof. The provisions of this Agreement may be amended or waived only by an instrument in writing signed by the Loan Parties and Forbearing Lenders constituting the Required Lenders; provided that clause (i) of the definition of “Termination Date” in Section 1 of this Agreement may also be amended pursuant to an e-mail in which the Loan Parties and Forbearing Lenders constituting the Required Lenders (or their respective advisors, including Paul Weiss) affirmatively consent to such proposed amendment in such e-mail. The Loan Documents, as modified by this Agreement, continue to evidence the agreement of the parties with respect to the subject matter thereof.

14. **Notices.** All notices, requests, demands and other communications under this Agreement shall be given in accordance with Section 12 of the Credit Agreement, provided that courtesy copy of any notice (a) given to any Loan Party shall be delivered to Porter Hedges LLP, 1000 Main Street, 35th Floor, Houston, Texas 77002, to the attention of E. James Cowen and Joyce K. Soliman, and (b) given to the Forbearing Lenders shall also be delivered to Paul, Weiss, Rifkind, Wharton & Garrison, LLP, 1285 Avenue of the Americas, New York, NY 10019-6064, to the attention of Andrew N. Rosenberg, Esq. and Brian Bolin, Esq.; and Brown Rudnick LLP, One Financial Center, Boston, Massachusetts 02111, to the attention of Andreas Andromalos, Esq. and Adam Grandy, Esq.

15. **Successors and Assigns.**

   (a) This Agreement will be binding upon and inure to the benefit of, but only to the benefit of, Borrower, the other Loan Parties, and the Forbearing Lenders and, in each case, their respective successors and permitted assigns. Except as expressly provided in any Loan Document (including in Section 14.1 of the Credit Agreement), neither Borrower nor any other Loan Party shall have the right to assign any rights or obligations hereunder or any interest herein.

   (b) During the Forbearance Period, no Forbearing Lender may sell, transfer, negotiate or assign all or any portion of its rights and obligations under the Credit Agreement to any other person unless (a) the person acquiring such rights (i) is a Forbearing Lender at the time of such transfer, or (ii) prior to such sale, transfer, negotiation or assignment, agrees in writing to be bound by this Agreement and enters into a forbearance joinder agreement in form and substance reasonably satisfactory to the Loan Parties, and (b) such transferring Forbearing Lender promptly notifies the Loan Parties and the other Forbearing Lenders party hereto of such transfer. This Agreement shall in no way be construed

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to preclude any Forbearing Lender party hereto from acquiring additional Obligations; provided, that such additional Obligations shall automatically become subject to the terms of this Agreement.

16. **Controlling Effect.** The parties hereto hereby agree that this Agreement shall be a “Loan Document” as defined in the Credit Agreement. In the event of a conflict or inconsistency between this Agreement and the Credit Agreement or any other Loan Document, this Agreement shall control.

17. **Other Terms.** No act committed or action taken by any Forbearing Lender under this Agreement or the other Loan Documents will be used, construed, or deemed to hold such person to be in control of any Loan Party, or the governance, management or operations of any Loan Party for any purpose, without limitation, or to be participating in the management of any Loan Party or acting as a “responsible person” or “owner or operator” or a person in “control,” “possession,” “charge,” “care,” or “management” with respect to the governance, management or operation of any Loan Party or their respective businesses or property (as such terms, or any similar terms, are used in any bankruptcy, insolvency or similar laws affecting the enforcement of creditors’ rights generally, CERCLA, or any other environmental protection and safety laws, each as may be amended from time to time, or any other federal or state statute, at law, in equity or otherwise) by virtue of the interests, rights and remedies granted to or conferred upon the Forbearing Lenders under this Agreement or the other Loan Documents.

18. **Arms-Length/Good Faith.** This Agreement has been negotiated at arms-length and in good faith by the parties hereto.

19. **Governing Law.** The validity of this Agreement and the other Loan Documents (unless expressly provided to the contrary in another Loan Document in respect of such other Loan Document), the construction, interpretation, and enforcement hereof and thereof, and the rights of the parties hereto and thereto with respect to all matters arising hereunder or thereunder or related hereto or thereto as well as all claims, controversies or disputes arising under or related to this Agreement and the other Loan Documents shall be determined under, governed by, and construed in accordance with the laws of the state of New York, without regard to the conflicts of laws principles thereof that would require the application of the laws of another jurisdiction.

20. **Interpretation.** Except as otherwise expressly provided for herein, all references herein to the time of day shall mean the time in New York, New York. Whenever the words “including” or “include” shall be used, such words shall be understood to mean “including, without limitation” or “include, without limitation.” All representations and warranties hereunder shall be given independent effect so that if a particular representation or warranty proves to be incorrect or is breached, the fact that another representation or warranty concerning the same or similar subject matter is correct or is not breached will not affect the incorrectness of a breach of a representation or warranty hereunder.

21. **Severability.** Each provision of this Agreement shall be severable from every other provision of this Agreement for the purpose of determining the legal enforceability of any specific provision.

22. **Counterparts, Electronic Execution.** This Agreement may be executed in any number of and by different parties hereto on separate counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, when taken together, shall constitute but one and the same Agreement. Delivery of an executed counterpart of this Agreement by facsimile or other electronic method of transmission (including email transmission of a PDF image) shall be equally as effective as delivery of an original executed counterpart of this Agreement.
23. **Further Assurances.** Each Loan Party agrees to execute, acknowledge, deliver, file and record such further certificates, instruments and documents, and to do all other acts and things, as may be reasonably requested by the Forbearing Lenders as necessary or advisable to carry out the intents and purposes of this Agreement.

24. **WAIVER OF JURY TRIAL.** TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, BORROWER, EACH OTHER LOAN PARTY, AND EACH FORBEARING LENDER HEREBY WAIVE THEIR RESPECTIVE RIGHTS, IF ANY, TO A JURY TRIAL OF ANY CLAIM, CONTROVERSY, DISPUTE OR CAUSE OF ACTION DIRECTLY OR INDIRECTLY BASED UPON OR ARISING OUT OF THIS AGREEMENT OR ANY OF THE OTHER LOAN DOCUMENTS OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREIN OR THEREIN, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW OR STATUTORY CLAIMS (EACH, A “CLAIM”). BORROWER, EACH OTHER LOAN PARTY, AND EACH FORBEARING LENDER REPRESENT THAT EACH HAS REVIEWED THIS WAIVER AND EACH KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL. IN THE EVENT OF LITIGATION, A COPY OF THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.

25. **Agent Makes No Representation.** The Agent makes no representation as to the validity, enforceability or sufficiency of this Agreement or the statements made in the recitals, all of which are statements of the Loan Parties and/or the Forbearing Lenders, respectively.

26. **Third Party Beneficiary.** The Agent is an express third party beneficiary of this Agreement.

[Signatures Follow]
IN WITNESS WHEREOF, the parties hereto have executed this Agreement 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 and President

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  

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  

[Signature Page to Forbearance Agreement]
BLUE MOUNTAIN CREDIT ALTERNATIVES MASTER FUND, L.P.
By: BlueMountain Capital Management, LLC, its Investment Manager

By: /s/ Dawn Jasiak
Name: Dawn Jasiak
Title: General Counsel

BLUEMOUNTAIN KICKING HORSE FUND, L.P.
By: BlueMountain Capital Management, LLC, its Investment Manager

By: /s/ Dawn Jasiak
Name: Dawn Jasiak
Title: General Counsel

BLUEMOUNTAIN MONTENVERS MASTER FUND SCA SICAV-SIF, L.P.
By: BlueMountain Capital Management, LLC, its Investment Manager

By: /s/ Dawn Jasiak
Name: Dawn Jasiak
Title: General Counsel

BLUEMOUNTAIN SUMMIT TRADING, L.P.
By: BlueMountain Capital Management, LLC, its Investment Manager

By: /s/ Dawn Jasiak
Name: Dawn Jasiak
Title: General Counsel

[Signature Page to Forbearance Agreement]
LENDERS

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

[Signature Page to Forbearance Agreement]
LENDER:

JOHN PECORA

By: /s/ John Pecora

[Signature Page to Forbearance Agreement]
LENDER:

AMZAK CAPITAL MANAGEMENT, LLC

By: /s/ Samuel Barker
Name: Samuel Barker
Title: Senior Fixed Income Analyst

[Signature Page to Forbearance Agreement]
The following Events of Default have occurred and are continuing (collectively, the “Existing Defaults”):

1. Events of Default arising under Sections 9.2(a) and 9.11 of the Credit Agreement as a result of (A) providing audited financial statements of Parent and its Subsidiaries (including the Borrower) for the fiscal year ended December 31, 2019, that have a going concern qualification, and (B) failure to provide a Compliance Certificate to accompany such financial statements for the fiscal year ended December 31, 2019, as required by Schedule 6.1.

2. Events of Default arising under Section 9.8 and Section 9.11 of the Credit Agreement as a result of any SEC filings made by the Parent (including Parent’s Form 10-K for the fiscal year ended December 31, 2019) which indicate or disclose that (a) the Parent and its Subsidiaries might not or will not be able to meet their obligations as they become due, (b) the Parent’s common stock listed on NASDAQ is at risk for delisting, (c) certain customer contracts may be or have been terminated or delayed, (d) the Parent has engaged a financial advisor to explore strategic alternatives, or (e) there are facts and circumstances which have occurred which may be deemed to satisfy clauses (a) or (b) of the definition of Material Adverse Change.

3. Events of Default arising under Section 9.8 and Section 9.11 of the Credit Agreement as a result of SEC filings made by the Parent on Form 8-K filed March 30, 2020 and Form 8-K filed April 6, 2020, which indicate or disclose material events or changes related to the business and operations of the Parent and its Subsidiaries.

4. Events of Default arising under Section 9.2 of the Credit Agreement as a result of the failure by each Loan Party to notify the Agent of the Existing Defaults at any time on or prior to the Effective Date as required by Sections 6.11(a)(iv) or (vii)(x).

5. Events of Default arising under Section 9.2 of the Credit Agreement as a result of the failure by each Loan Party to notify the Agent of the Existing Defaults (and a statement of action) as required by Section 6.11(b) of the Credit Agreement.

6. Events of Default under clauses (c) and (d) of Section 9.7 of the Credit Agreement as a result of events of default having occurred under the Convertible Notes Documents and the Term Documents, which, in the case of events of default occurring under the Term Documents, are similar to the Existing Defaults.

7. Any existing event of default under the Convertible Notes Documents or Term Documents which is the subject of a forbearance agreement entered into by the parties thereto contemporaneously with this Agreement.
This Forbearance Agreement (this “Agreement”), is entered into as of April 13, 2020, among SAExploration Holdings, Inc., a Delaware corporation (the “Borrower”), the other Loan Parties (as defined in the Credit Agreement referred to below), and the Lenders (as defined in the Credit Agreement) party hereto (the “Forbearing Lenders”), together constituting the Required Lenders (as defined in the Credit Agreement).

RECITALS:

A. The Borrower, the other Loan Parties, Delaware Trust Company, as administrative agent and collateral agent for the Lenders under and as defined in the Credit Agreement (in such capacity, the “Agent”), and the Lenders (including the Forbearing Lenders) are party to that certain Term Loan and Security Agreement, dated as of June 29, 2016 (as amended or otherwise modified or supplemented, the “Credit Agreement”), pursuant to which the Lenders agreed to provide a multiple draw term loan facility in an aggregate principal amount not to exceed $30,000,000 on the terms and conditions set forth therein.

B. As of the date hereof, certain Defaults and Events of Default under the Credit Agreement have occurred and are continuing, in each case as more specifically described in Exhibit A attached hereto.

C. The Borrower and the other Loan Parties have requested that the Forbearing Lenders, upon the terms and conditions set forth in this Agreement, forbear during the Forbearance Period (as defined below) from exercising certain rights and remedies arising from or in respect of the Existing Defaults (as defined on Exhibit A).

D. The Forbearing Lenders are willing to grant such forbearance subject to the terms and conditions of this Agreement and the other Loan Documents.

NOW, THEREFORE, in consideration of the representations, warranties, covenants and agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Definitions. Capitalized terms used and not otherwise defined herein shall have the same meanings as set forth in the Credit Agreement. In addition, the following terms, for the purposes of this Agreement, shall have the following meanings:

   “ABL Credit Agreement” means that certain Third Amended and Restated Credit and Security Agreement, dated as of September 26, 2018, among SAExploration, Inc., as borrower, the guarantors party thereto, the lenders party thereto, and Cantor Fitzgerald Securities, as administrative agent and collateral agent, as amended or otherwise modified.

   “ABL Forbearance Agreement” means that certain Forbearance Agreement, dated as of the date hereof, among SAExploration, Inc., the guarantors under the ABL Credit Agreement, and lenders under the ABL Credit Agreement constituting the “Required
“Convertible Notes” means the 6.00% Senior Secured Convertible Notes due 2023 issued by Borrower pursuant to the Convertible Notes Indenture.

“Convertible Notes Indenture” means that certain Senior Secured Convertible Notes Indenture, dated as of September 26, 2018, among Borrower, the guarantors party thereto, and Wilmington Savings Fund Society, FSB, as trustee and as collateral trustee, as amended or otherwise modified, pursuant to which the Convertible Notes were issued.

“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 Requirement 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.

“Effective Date” has the meaning given to such term in Section 3 hereof.

“Existing Defaults” has the meaning given to such term in Exhibit A attached hereto.

“Forbearance Period” means the period commencing on the Effective Date and continuing until the Termination Date.

“Released Person” has the meaning given to such term in Section 8 hereof.

“Termination Date” means 5:00 p.m. (New York time) on the earlier of (i) May 31, 2020 or (ii) the date on which a Termination Event occurs.

“Termination Event” means the occurrence of any of the following: (i) the receipt by the Loan Parties of a written notice from Forbearing Lenders constituting the Required Lenders terminating the Forbearance Period if (A) any representation or warranty made herein by any Loan Party shall be false in any material respect when made, (B) any Loan Party shall fail to perform, observe or comply with any of its covenants and agreements contained in this Agreement, including without limitation, any breach of Section 5 hereof, which failure is not remedied within one (1) Business Day after any Loan Party receives from any Forbearing Lender written notice thereof, (C) any Event of Default, other than an Existing Default, or an Event of Default pursuant to Sections 9.4 or 9.5 of the Credit Agreement, shall have occurred and be continuing, or (D) the “Termination Date” or any “Termination Event” (each, as defined in the ABL Forbearance Agreement or the Convertible Notes
Forbearance Agreement, as applicable) shall occur, or the ABL Forbearance Agreement or the Convertible Notes Forbearance Agreement shall otherwise cease to be in full force and effect, or (ii) (A) any Event of Default pursuant to Sections 9.4 or 9.5 of the Credit Agreement or (B) the occurrence of any event that would cause an Event of Default under Sections 9.4 or 9.5 of the Credit Agreement if not for the applicable automatic stay order.

2. **Forbearance; Acknowledgments.**

   2.1. As of the date hereof, each Loan Party specifically acknowledges the occurrence and continuation of the Existing Defaults. In reliance on the representations, warranties, covenants and agreements contained in this Agreement, and subject to the satisfaction of each condition precedent set forth in Section 3 hereof, the Forbearing Lenders hereby agree to forbear during the Forbearance Period from exercising all rights and remedies under the Loan Documents and applicable law in respect of or arising as a result of the occurrence or continuance of any of the Existing Defaults. On and after the Termination Date, the Forbearing Lenders’ agreement hereunder to forbear shall terminate automatically without further act or action by any Forbearing Lender, and the Agent and the Forbearing Lenders shall be entitled to exercise any and all rights and remedies available to them under this Agreement and the other Loan Documents at law, in equity or otherwise, in each case, with respect to the Existing Defaults. For the avoidance of doubt, the foregoing forbearance shall not prohibit the Forbearing Lenders from delivering, or instructing the Agent to deliver, notices of any other Defaults, Events of Default or a Termination Event.

   2.2. Notwithstanding the foregoing, the forbearance granted by the Forbearing Lenders shall not constitute, and shall not be deemed to constitute, a waiver of any of the Existing Defaults, or any other Default or Event of Default under the Loan Documents, and no Forbearing Lender has agreed to forbear with respect to any of their respective rights or remedies concerning any Default or Event of Default (other than, during the Forbearance Period, the Existing Defaults, in each case solely to the extent set forth herein), which may have occurred or are continuing as of the date hereof or which may occur after the date hereof. Except as expressly set forth in Section 2.1 above, the Forbearing Lenders reserve the right, in their discretion, to exercise any or all of their rights and remedies under the Credit Agreement and the other Loan Documents, at law or otherwise, as a result of any Default or Event of Default which may be continuing on the date hereof or any Default or Event of Default which may occur after the date hereof, and the Forbearing Lenders have not waived any of such rights or remedies, and nothing in this Agreement, and no delay on any of their part in exercising any such rights or remedies, should be construed as a waiver of any such rights or remedies.

   2.3. For the avoidance of doubt, this Agreement shall constitute written notice from the Required Lenders pursuant to Section 2.6(b) of the Credit Agreement, and from and after the date hereof the principal amount of all Obligations shall bear interest at the Default Rate.

   2.4. Each Loan Party hereby acknowledges that as of the close of business on April 10, 2020 the outstanding principal amount of all Advances was $29,000,000.

3. **Conditions Precedent.** This Agreement shall be effective beginning on the first date that each condition precedent set forth in this Section 3 is satisfied (the “Effective Date”).

-3-
3.1 Signed Agreement. The Forbearing Lenders shall have received counterparts of this Agreement duly executed by the Loan Parties and the Forbearing Lenders constituting the Required Lenders.

3.2 Expenses. The Borrower shall have paid all costs and expenses of the Lenders (i) incurred by or on behalf of the Lenders (including reasonable attorneys’ fees and expenses of Paul, Weiss, Rifkind, Wharton & Garrison LLP (“Paul Weiss”)) arising under or in connection with the preparation, execution and delivery of this Agreement, and (ii) invoiced and outstanding on the date hereof.

3.3 ABL and Convertible Notes Forbearance Agreements. (a) The ABL Forbearance Agreement and (b) the Convertible Notes Forbearance Agreement, each in form and substance satisfactory to the Forbearing Lenders, shall have been executed by the parties thereto, and shall have become effective, in each case, substantially concurrently with the effectiveness of this Agreement, and, substantially concurrently with the effectiveness of this Agreement, the Forbearing Lenders shall have received fully executed copies thereof and copies of any and all documents that are required to be delivered thereunder at or prior to the effectiveness thereof.

For the purposes of determining compliance with the conditions specified in this Agreement, each Forbearing Lender party to this Agreement by submitting their signature page hereto to Paul, Weiss 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 Forbearing Lenders by the Effective Date.

4. Representations and Warranties. To induce the Forbearing Lenders to enter into this Agreement, each Loan Party hereby represents and warrants as of the Effective Date as follows:

4.1 Due Organization and Qualification. Each Loan Party and each Domestic Subsidiary (i) is duly organized and existing and in good standing under the laws of the jurisdiction of its organization, (ii) is qualified to do business in any jurisdiction where the failure to be so qualified could reasonably be expected to result in a Material Adverse Change, and (iii) has all requisite power and authority to own and operate its properties, to carry on its business as now conducted and as proposed to be conducted, to enter into this Agreement and the other Loan Documents to which it is a party and to carry out the transactions contemplated hereby and thereby.

4.2 Due Authorization; No Conflict. The execution, delivery, and performance by each Loan Party of this Agreement and the other Loan Documents to which it is a party do not and will not (i) violate any material provision of federal, state, or local law or regulation applicable to any Loan Party or Domestic Subsidiary, the Governing Documents of any Loan Party or Domestic Subsidiary, or any order, judgment, or decree of any court or other Governmental Authority binding on any Loan Party or Domestic Subsidiary, or any order, judgment, or decree of any court or other Governmental Authority binding on any Loan Party or Domestic Subsidiary, (ii) conflict with, result in a breach of, or constitute (with due notice or lapse of time or both) a default under any Material Contract of any Loan Party or Domestic Subsidiary, except to the extent that any such conflict, breach or default has been waived or could not individually or in the aggregate reasonably be expected to cause a Material Adverse Change, (iii) result in or require the creation or imposition of any Lien of any nature whatsoever upon any assets of any Loan Party, other than Permitted
Liens, or (iv) require any approval of any Loan Party’s interest holders or any approval or consent of any Person under any Material Contract of any Loan Party, other than consents or approvals that have been obtained and that are still in force and effect and except, in the case of Material Contracts, for consents or approvals, the failure to obtain could not individually or in the aggregate reasonably be expected to cause Material Adverse Change.

4.3. **Binding Obligations.** This Agreement and each other Loan Document has been duly executed and delivered by each Loan Party that is a party thereto and is the legally valid and binding obligation of such Loan Party, enforceable against such Loan Party in accordance with its respective terms, except as enforcement may be limited by equitable principles or by bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or limiting creditors’ rights generally.

4.4. **No Other Defaults.** Except for the Existing Defaults, no other Default or Event of Default has occurred and is continuing.

4.5. **No Defenses.** No Loan Party has any defenses to payment, counterclaims, or rights of setoff or recoupment with respect to any Obligations applicable to such Loan Party owing to the Agent or any Lender as of the Effective Date.

5. **Covenants.** During the Forbearance Period, each Loan Party shall comply with the covenants set forth in this Section 5 in addition to the covenants in the Credit Agreement and any other Loan Documents (it being understood and agreed that the occurrence and continuance of the Existing Defaults shall not constitute a breach of this Section 5).

5.1. **Other Documentation.** Subject to the Disclosure Restrictions, the Loan Parties shall provide to the Forbearing Lenders such other documents, instruments and agreements as may be reasonably requested by the Forbearing Lenders on or after the date of this Agreement, all in form and substance reasonably satisfactory to the Forbearing Lenders.

5.2. **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 Credit Agreement include, without limitation, all reasonable and documented out-of-pocket fees and disbursements of Paul Weiss, in its capacity as counsel to certain of the Lenders, 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 to the extent permitted by applicable law) of the Credit Agreement, this Agreement, 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. Without limitation of the foregoing, the Loan Parties shall pay all of such reasonable documented out-of-pocket costs and expenses of the Forbearing Lenders (including reasonable documented out-of-pocket attorneys’ fees, including, without limitation, local counsel fees of one law firm per jurisdiction), in each case promptly (and, in any event, by no later than fourteen (14) days) following submission of invoices therefor. All amounts payable pursuant to this Section 5.2 shall constitute Obligations.

-5-
6. **Ratification of Loan Documents and Collateral.** Each Loan Party hereby acknowledges, ratifies, reaffirms and agrees that each of the Loan Documents to which it is a party, and the Liens and security interests created thereby in favor of the Agent, for the benefit of the Secured Parties, in the Collateral, are and will remain in full force and effect and binding on such Loan Party, and are enforceable in accordance with their respective terms and applicable law. By its execution hereof, each Loan Party (in its individual capacity and in its capacity as member, shareholder or partner of each other Loan Party, as applicable) acknowledges, ratifies and reaffirms all of the terms and provisions of the Loan Documents and the enforceability thereof against it. Without limitation of the foregoing, the Borrower hereby acknowledges, ratifies and confirms the Credit Agreement and all of its debts and obligations to the Agent and the Lenders thereunder.

7. **Guarantors Consent and Acknowledgement.** The Guarantors, for value received, hereby consent to the Borrower’s execution and delivery of this Agreement and the performance by the Borrower of its agreements and obligations hereunder. This Agreement and the performance or consummation of any transaction that may be contemplated under this Agreement 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.

8. **NO DEFENSES; RELEASE.** EACH LOAN PARTY (IN ITS OWN RIGHT AND ON BEHALF OF ITS PREDECESSORS, SUCCESSORS, LEGAL REPRESENTATIVES AND Assigns) HEREBY EXPRESSLY AND UNCONDITIONALLY ACKNOWLEDGES AND AGREES THAT, AS OF THE DATE HEREOF, IT HAS NO SETOFFS, COUNTERCLAIMS, ADJUSTMENTS, RECOUPMENTS, OR DEFENSES TO THE OBLIGATIONS, OR ANY GROUNDS OR CAUSE FOR REDUCTION, MODIFICATION, SET ASIDE OR SUBORDINATION OF THE OBLIGATIONS OR ANY LIENS OR SECURITY INTERESTS OF THE AGENT. IN PARTIAL CONSIDERATION FOR THE AGREEMENT OF THE FORBEARING LENDERS TO ENTER INTO THIS AGREEMENT, EACH LOAN PARTY HEREBY KNOWINGLY AND UNCONDITIONALLY WAIVES AND FULLY AND FINALLY RELEASES AND FOREVER DISCHARGES EACH FORBEARING LENDER, THE AGENT, AND EACH OF THEIR RESPECTIVE AFFILIATES, AND ANY OF THEIR AND THEIR 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 PERSONS”) FROM, AND COVENANTS NOT TO SUE THE RELEASED PERSONS FOR, ANY AND ALL SETOFFS, COUNTERCLAIMS, ADJUSTMENTS, RECOUPMENTS, CLAIMS, CAUSES OF ACTION, ACTIONS, GROUNDS, CAUSES, DAMAGES, COSTS AND EXPENSES OF EVERY NATURE AND CHARACTER, WHETHER CONTINGENT, NONCONTINGENT, LIQUIDATED, UNLIQUIDATED, FIXED, MATURED, UNMATURED, DISPUTED, UNDISPUTED, LEGAL, EQUITABLE, SECURED OR UNSECURED, KNOWN OR UNKNOWN, ACTUAL OR PUNITIVE, FORESEEN OR UNFORESEEN, DIRECTLY ARISING OUT OF OR FROM OR RELATED TO ANY OF
THE LOAN DOCUMENTS (EXCLUDING SETOFFS, COUNTERCLAIMS, ADJUSTMENTS, RECOVERMENTS, CLAIMS, CAUSES OF ACTION, ACTIONS, GROUNDS, CAUSES, DAMAGES, COSTS OR EXPENSES WHICH ARISE FROM ANY RELEASED PERSON’S WILLFUL MISCONDUCT OR GROSS NEGLIGENCE), WHICH ANY LOAN PARTY OWNS AND HOLDS AS OF THE DATE HEREOF, OR HAS AT ANY TIME PRIOR TO THE DATE HEREOF OWNED OR HELD, SUCH WAIVER, RELEASE AND DISCHARGE BEING MADE WITH FULL KNOWLEDGE AND UNDERSTANDING OF THE CIRCUMSTANCES AND EFFECTS OF SUCH WAIVER, RELEASE AND DISCHARGE AND AFTER HAVING CONSULTED LEGAL COUNSEL OF ITS OWN CHOOSING WITH RESPECT THERETO. THIS SECTION IS IN ADDITION TO ANY OTHER RELEASE OF ANY OF THE RELEASED PERSONS BY ANY LOAN PARTY AND SHALL NOT IN ANY WAY LIMIT ANY OTHER RELEASE, COVENANT NOT TO SUE, OR WAIVER BY ANY LOAN PARTY IN FAVOR OF ANY OF THE RELEASED PERSONS.

9. **No Obligation.** Each Loan Party hereby acknowledges and understands that upon the expiration or earlier termination of the Forbearance Period, if any Existing Default shall be continuing, and such Existing Default has not been waived by written agreement in accordance with the Credit Agreement, or if there shall at any time exist any other Event of Default, then the Agent and the Lenders shall have the right to proceed to exercise any or all available rights and remedies, which may include foreclosure on the Collateral and/or institution of legal proceedings, in accordance with the Loan Documents. The Agent and the Lenders shall have no obligation whatsoever to extend the maturity of the Obligations, waive any Default or Event of Default (including, but not limited to, the Existing Defaults), defer any payments, or further forbear from exercising their rights and remedies.

10. **No Implied Waivers.** No failure or delay on the part of the Agent or any Forbearing Lender in exercising, and no course of dealing with respect to, any right, power or privilege under this Agreement, the Credit Agreement or any other Loan Document shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege under this Agreement, the Credit Agreement or any other Loan Document preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

11. **Survival of Representations and Warranties.** All representations and warranties made by the Loan Parties in this Agreement shall be considered to have been relied upon by the other parties hereto and thereto and shall survive the execution and delivery of this Agreement and the making of any loans, regardless of any investigation made by any such other party or on its behalf and notwithstanding that any such party may have had notice or knowledge of any Default or Event of Default or incorrect representation or warranty, and shall continue in full force and effect as long as any of the Obligations is outstanding and unpaid and/or so long as the Commitments (and obligation to issue Commitments under the Credit Agreement (if any)) and other obligation of the Lenders to provide extensions of credit under the Credit Agreement (if any) has not expired or been terminated.

12. **Review and Construction of Documents.** Each Loan Party hereby acknowledges, and represents and warrants to the Forbearing Lenders that, such Loan Party has (a) had the opportunity to consult with legal counsel of its own choice and has been afforded an opportunity
to review this Agreement with its legal counsel, (b) reviewed this Agreement and fully understands the effects thereof and all terms and provisions contained herein, and (c) executed this Agreement of its own free will and volition.

13. **ENTIRE AGREEMENT; AMENDMENT.** This Agreement, together with the other Loan Documents, reflects the entire understanding of the parties with respect to the transactions contemplated hereby and thereby and shall not be contradicted or qualified by any other agreement, oral or written, before the date hereof. The provisions of this Agreement may be amended or waived only by an instrument in writing signed by the Loan Parties and Forbearing Lenders constituting the Required Lenders; provided that clause (i) of the definition of “Termination Date” in Section 1 of this Agreement may also be amended pursuant to an e-mail in which the Loan Parties and Forbearing Lenders constituting the Required Lenders (or their respective advisors, including Paul, Weiss) affirmatively consent to such proposed amendment in such e-mail. The Loan Documents, as modified by this Agreement, continue to evidence the agreement of the parties with respect to the subject matter thereof.

14. **Notices.** All notices, requests, demands and other communications under this Agreement shall be given in accordance with Section 12 of the Credit Agreement, provided that courtesy copy of any notice (a) given to any Loan Party shall be delivered to Porter Hedges LLP, 1000 Main Street, 35th Floor, Houston, Texas 77002, to the attention of E. James Cowen and Joyce K. Soliman, and (b) given to the Forbearing Lenders shall also be delivered to Paul, Weiss, Rifkind, Wharton & Garrison, LLP, 1285 Avenue of the Americas, New York, NY 10019-6064, to the attention of Andrew N. Rosenberg, Esq. and Brian Bolin, Esq.

15. **Successors and Assigns.**

(a) This Agreement will be binding upon and inure to the benefit of, but only to the benefit of, Borrower, the other Loan Parties, and the Forbearing Lenders and, in each case, their respective successors and permitted assigns. Except as expressly provided in any Loan Document (including in Section 14.1 of the Credit Agreement), neither Borrower nor any other Loan Party shall have the right to assign any rights or obligations hereunder or any interest herein.

(b) During the Forbearance Period, no Forbearing Lender may sell, transfer, negotiate or assign all or any portion of its rights and obligations under the Credit Agreement to any other person unless (a) the person acquiring such rights (i) is a Forbearing Lender at the time of such transfer, or (ii) prior to such sale, transfer, negotiation or assignment, agrees in writing to be bound by this Agreement and enters into a forbearance joinder agreement in form and substance reasonably satisfactory to the Loan Parties, and (b) such transferring Forbearing Lender promptly notifies the Loan Parties and the other Forbearing Lenders party hereto of such transfer. This Agreement shall in no way be construed to preclude any Forbearing Lender party hereto from acquiring additional Obligations; provided, that such additional Obligations shall automatically become subject to the terms of this Agreement.

16. **Controlling Effect.** The parties hereto hereby agree that this Agreement shall be a “Loan Document” as defined in the Credit Agreement. In the event of a conflict or inconsistency
between this Agreement and the Credit Agreement or any other Loan Document, this Agreement shall control.

17. **Other Terms.** No act committed or action taken by any Forbearing Lender under this Agreement or the other Loan Documents will be used, construed, or deemed to hold such person to be in control of any Loan Party, or the governance, management or operations of any Loan Party for any purpose, without limitation, or to be participating in the management of any Loan Party or acting as a “responsible person” or “owner or operator” or a person in “control,” “possession,” “charge,” “care,” or “management” with respect to the governance, management or operation of any Loan Party or their respective businesses or property (as such terms, or any similar terms, are used in any bankruptcy, insolvency or similar laws affecting the enforcement of creditors’ rights generally, CERCLA, or any other environmental protection and safety laws, each as may be amended from time to time, or any other federal or state statute, at law, in equity or otherwise) by virtue of the interests, rights and remedies granted to or conferred upon the Forbearing Lenders under this Agreement or the other Loan Documents.

18. **Arms-Length/Good Faith.** This Agreement has been negotiated at arms-length and in good faith by the parties hereto.

19. **Governing Law.** The validity of this Agreement and the other Loan Documents (unless expressly provided to the contrary in another Loan Document in respect of such other Loan Document), the construction, interpretation, and enforcement hereof and thereof, and the rights of the parties hereto and thereto with respect to all matters arising hereunder or thereunder or related hereto or thereto as well as all claims, controversies or disputes arising under or related to this Agreement and the other Loan Documents shall be determined under, governed by, and construed in accordance with the laws of the state of New York, without regard to the conflicts of laws principles thereof that would require the application of the laws of another jurisdiction.

20. **Interpretation.** Except as otherwise expressly provided for herein, all references herein to the time of day shall mean the time in New York, New York. Whenever the words “including” or “include” shall be used, such words shall be understood to mean “including, without limitation” or “include, without limitation.” All representations and warranties hereunder shall be given independent effect so that if a particular representation or warranty proves to be incorrect or is breached, the fact that another representation or warranty concerning the same or similar subject matter is correct or is not breached will not affect the incorrectness of a breach of a representation or warranty hereunder.

21. **Severability.** Each provision of this Agreement shall be severable from every other provision of this Agreement for the purpose of determining the legal enforceability of any specific provision.

22. **Counterparts, Electronic Execution.** This Agreement may be executed in any number of and by different parties hereto on separate counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, when taken together, shall constitute but one and the same Agreement. Delivery of an executed counterpart of this Agreement by facsimile or other electronic method of transmission (including email transmission of a PDF
23. **Further Assurances.** Each Loan Party agrees to execute, acknowledge, deliver, file and record such further certificates, instruments and documents, and to do all other acts and things, as may be reasonably requested by the Forbearing Lenders as necessary or advisable to carry out the intents and purposes of this Agreement.

24. **WAIVER OF JURY TRIAL.** TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, BORROWER, EACH OTHER LOAN PARTY, AND EACH FORBEARING LENDER HEREBY WAIVE THEIR RESPECTIVE RIGHTS, IF ANY, TO A JURY TRIAL OF ANY CLAIM, CONTROVERSY, DISPUTE OR CAUSE OF ACTION DIRECTLY OR INDIRECTLY BASED UPON OR ARISING OUT OF THIS AGREEMENT OR ANY OF THE OTHER LOAN DOCUMENTS OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREIN OR THEREIN, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW OR STATUTORY CLAIMS (EACH, A “CLAIM”). BORROWER, EACH OTHER LOAN PARTY, AND EACH FORBEARING LENDER REPRESENT THAT EACH HAS REVIEWED THIS WAIVER AND EACH KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL. IN THE EVENT OF LITIGATION, A COPY OF THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.

25. **Agent Makes No Representation.** The Agent makes no representation as to the validity, enforceability or sufficiency of this Agreement or the statements made in the recitals, all of which are statements of the Loan Parties and/or the Forbearing Lenders, respectively.

26. **Third Party Beneficiary.** The Agent is an express third party beneficiary of this Agreement.

[Signatures Follow]

-10-
IN WITNESS WHEREOF, the parties hereto have executed this Agreement 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 and President

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

[Signature Page to Forbearance Agreement]
LENDERS:

WBOX 2015-7 LTD.

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

[Signature Page to Forbearance Agreement]
BLUE MOUNTAIN CREDIT ALTERNATIVES MASTER FUND, L.P.
By: BlueMountain Capital Management, LLC, its Investment Manager
By: /s/ Dawn Jasiak
Name: Dawn Jasiak
Title: General Counsel

BLUEMOUNTAIN KICKING HORSE FUND, L.P.
By: BlueMountain Capital Management, LLC, its Investment Manager
By: /s/ Dawn Jasiak
Name: Dawn Jasiak
Title: General Counsel

BLUEMOUNTAIN MONTENVERS MASTER FUND SCA SICAV-SIF, L.P.
By: BlueMountain Capital Management, LLC, its Investment Manager
By: /s/ Dawn Jasiak
Name: Dawn Jasiak
Title: General Counsel

BLUEMOUNTAIN GUADALUPE PEAK FUND L.P.
By: BlueMountain Capital Management, LLC, its Investment Manager
By: /s/ Dawn Jasiak
Name: Dawn Jasiak
Title: General Counsel

BLUEMOUNTAIN SUMMIT TRADING, L.P.
By: BlueMountain Capital Management, LLC, its Investment Manager
By: /s/ Dawn Jasiak
Name: Dawn Jasiak
Title: General Counsel

[Signature Page to Forbearance Agreement]
LENDER:

JOHN PECORA

/s/ John
Pecora

[Signature Page to Forbearance Agreement]
LENDER:

AMZAK CAPITAL MANAGEMENT, LLC

By: /s/ Samuel Barker
Name: Samuel Barker
Title: Senior Fixed Income Analyst

[Signature Page to Forbearance Agreement]
EXISTING DEFAULTS

The following Events of Default have occurred and are continuing (collectively, the “Existing Defaults”):

1. Events of Default arising under Sections 9.2(a) and 9.11 of the Credit Agreement as a result of (A) providing audited financial statements of Borrower and its Subsidiaries for the fiscal year ended December 31, 2019, that have a going concern qualification, and (B) failure to provide a Compliance Certificate to accompany such financial statements for the fiscal year ended December 31, 2019, as required by Schedule 6.1.

2. Events of Default arising under Section 9.8 and Section 9.11 of the Credit Agreement as a result of any SEC filings made by the Borrower (including Borrower’s Form 10-K for the fiscal year ended December 31, 2019) which indicate or disclose that (a) the Borrower and its Subsidiaries might not or will not be able to meet their obligations as they become due, (b) the Borrower’s common stock listed on NASDAQ is at risk for delisting, (c) certain customer contracts may be or have been terminated or delayed, (d) the Borrower has engaged a financial advisor to explore strategic alternatives, or (e) there are facts and circumstances which have occurred which may be deemed to satisfy clauses (a) or (b) of the definition of Material Adverse Change.

3. Events of Default arising under Section 9.8 and Section 9.11 of the Credit Agreement as a result of SEC filings made by the Borrower on Form 8-K filed March 30, 2020 and Form 8-K filed April 6, 2020, which indicate or disclose material events or changes related to the business and operations of the Borrower and its Subsidiaries.

4. Events of Default arising under Section 9.2 of the Credit Agreement as a result of the failure by each Loan Party to notify the Agent of the Existing Defaults at any time on or prior to the Effective Date as required by Sections 6.11(a) (iv) or (vii)(x).

5. Events of Default arising under Section 9.2 of the Credit Agreement as a result of the failure by each Loan Party to notify the Agent of the Existing Defaults (and a statement of action) as required by Section 6.11(b) of the Credit Agreement.

6. Events of Default under clauses (c) and (d) of Section 9.7 of the Credit Agreement as a result of events of default having occurred under the Convertible Notes Documents and the Revolving Credit Documents, which, in the case of events of default occurring under the Revolving Credit Documents, are similar to the Existing Defaults.

7. Any existing event of default under the Convertible Notes Documents or Revolving Credit Documents which is the subject of a forbearance agreement entered into by the parties thereto contemporaneously with this Agreement.
FORBEARANCE AGREEMENT

This Forbearance Agreement (this “Agreement”), is entered into as of April 13, 2020, by and among SAEXploration Holdings, Inc., a Delaware corporation (the “Issuer”), the Guarantors (as defined in the Indenture referred to below and, together with the Issuer, the “Company Indenture Parties”), and the Holders (as defined in the Indenture) party hereto (the “Forbearing Holders”), together constituting the Required Holders (as defined in the Indenture).

RECITALS:

A. The Issuer, the Guarantors, and Wilmington Savings Fund Society FSB, as trustee and collateral trustee under and as defined in the Indenture (in such capacity, the “Trustee”), are party to that certain Senior Secured Convertible Notes Indenture, dated as of September 26, 2018 (as heretofore amended or otherwise modified or supplemented and in effect immediately prior to the effectiveness of this Agreement, the “Indenture”), which governs the $60,000,000 aggregate principal amount of 6.00% Senior Secured Convertible Notes due 2023 (the “Notes”) of which more than 75% in aggregate outstanding principal amount is held by the Forbearing Holders.

B. As of the date hereof certain Defaults and Events of Default under the Indenture have occurred and are continuing, in each case as more specifically described in Exhibit A attached hereto.

C. The Issuer and the other Company Indenture Parties have requested that the Forbearing Holders, upon the terms and conditions set forth in this Agreement, forbear during the Forbearance Period (as defined below) from exercising certain rights and remedies arising from or in respect of the Existing Defaults (as defined on Exhibit A).

D. The Forbearing Holders are willing to grant such forbearance subject to the terms and conditions of this Agreement and the other Indenture Documents.

NOW, THEREFORE, in consideration of the representations, warranties, covenants and agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Definitions. Capitalized terms used and not otherwise defined herein shall have the same meanings as set forth in the Indenture. In addition, the following terms, for the purposes of this Agreement, shall have the following meanings:

   “ABL Credit Agreement” means that certain Third Amended and Restated Credit and Security Agreement, dated as of September 26, 2018, among SAExploration, Inc., as borrower, the guarantors party thereto, the lenders party thereto, and Cantor Fitzgerald Securities, as administrative agent and collateral agent, as amended or otherwise modified.

   “ABL Forbearance Agreement” means that certain Forbearance Agreement, dated as of the date hereof, among SAExploration, Inc., the guarantors under the ABL Credit Agreement, and lenders under the ABL Credit Agreement constituting the “Required Lenders” (as defined under the ABL Credit Agreement), related to the ABL Credit Agreement.

   “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 Requirement 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.

“Effective Date” has the meaning given to such term in Section 3 hereof.

“Existing Defaults” has the meaning given to such term in Exhibit A attached hereto.

“Forbearance Period” means the period commencing on the Effective Date and continuing until the Termination Date.

“Released Person” has the meaning given to such term in Section 8 hereof.

“Term Loan Credit Agreement” means that certain Term Loan and Security Agreement, dated as of June 26, 2016, among Issuer, as borrower, the guarantors party thereto, the lenders party thereto, and Delaware Trust Company, as collateral agent and administrative agent, as amended or otherwise modified.

“Term Loan Forbearance Agreement” means that certain Forbearance Agreement, dated as of the date hereof, among Issuer, the guarantors under the Term Loan Credit Agreement, and lenders under the Term Loan Credit Agreement constituting the “Required Lenders” (as defined under the Term Loan Credit Agreement), related to the Term Loan Credit Agreement.

“Termination Date” means 5:00 p.m. (New York time) on the earlier of (i) May 31, 2020 or (ii) the date on which a Termination Event occurs.

“Termination Event” means the occurrence of any of the following: (i) the receipt by the Company Indenture Parties of a written notice from Forbearing Holders constituting the Required Holders terminating the Forbearance Period if (A) any representation or warranty made herein by any Company Indenture Party shall be false in any material respect when made, (B) any Company Indenture Party shall fail to perform, observe or comply with any of its covenants and agreements contained in this Agreement, including without limitation, any breach of Section 5 hereof, which failure is not remedied within one (1) Business Day after any Company Indenture Party receives from any Forbearing Holder written notice thereof, (C) any Event of Default, other than an Existing Default, or an Event of Default pursuant to Sections 9.01(e)(vi) or 9.01(e)(vii) of the Indenture, shall have occurred and be continuing, or (D) the “Termination Date” or any “Termination Event” (each, as defined in the ABL Forbearance Agreement or the Term Loan Forbearance Agreement, as applicable) shall occur, or the ABL Forbearance Agreement or the Term Loan Forbearance Agreement shall otherwise cease to be in full force and effect, or (ii) (A) any Event of Default pursuant to Sections 9.01(e)(vi) or 9.01(e)(vii) of the Indenture or (B) the occurrence of any event that would cause an Event of Default under Sections 9.01(e)(vi) or 9.01(e)(vii) of the Indenture if not for the applicable automatic stay order.

2. **Forbearance; Acknowledgments**

2.1. As of the date hereof, each Company Indenture Party specifically acknowledges the occurrence and continuation of the Existing Defaults. In reliance on the representations, warranties, covenants and agreements contained in this Agreement, and subject to the satisfaction of each condition precedent set forth in Section 3 hereof, the Forbearing Holders hereby agree to forbear during the Forbearance Period from exercising all rights and remedies under the Indenture Documents and applicable law in respect of or arising as a result of the occurrence or continuance of any of the Existing Defaults. On
and after the Termination Date, the Forbearing Holders’ agreement hereunder to forbear shall terminate automatically without further act or action by any Forbearing Holder, and the Trustee and the Forbearing Holders shall be entitled to exercise any and all rights and remedies available to them under this Agreement and the other Indenture Documents at law, in equity or otherwise, in each case, with respect to the Existing Defaults. For the avoidance of doubt, the foregoing forbearance shall not prohibit the Forbearing Holders from delivering, or instructing the Trustee to deliver, notices of any other Defaults, Events of Default or a Termination Event.

2.2. Notwithstanding the foregoing, the forbearance granted by the Forbearing Holders shall not constitute, and shall not be deemed to constitute, a waiver of any of the Existing Defaults, or any other Default or Event of Default under the Indenture Documents, and no Forbearing Holder has agreed to forbear with respect to any of their respective rights or remedies concerning any Default or Event of Default (other than, during the Forbearance Period, the Existing Defaults, in each case solely to the extent set forth herein), which may have occurred or are continuing as of the date hereof or which may occur after the date hereof. Except as expressly set forth in Section 2.1 above, the Forbearing Holders reserve the right, in their discretion, to exercise any or all of their rights and remedies under the Indenture and the other Indenture Documents, at law or otherwise, as a result of any Default or Event of Default which may be continuing on the date hereof or any Default or Event of Default which may occur after the date hereof, and the Forbearing Holders have not waived any of such rights or remedies, and nothing in this Agreement, and no delay on any of their part in exercising any such rights or remedies, should be construed as a waiver of any such rights or remedies.

2.3. Each Company Indenture Party hereby acknowledges that as of the close of business on April 10, 2020, the outstanding principal amount of the Notes was $60,000,000.

3. Conditions Precedent. This Agreement shall be effective beginning on the first date that each condition precedent set forth in this Section 3 is satisfied (the “Effective Date”):

3.1. Signed Agreement. Each of the Forbearing Holders shall have received counterparts of this Agreement duly executed by the Company Indenture Parties and the Forbearing Holders constituting the Required Holders.

3.2. Expenses. The Company Indenture Parties shall have paid all costs and expenses of the Forbearing Holders (i) incurred by or on behalf of the Forbearing Holders (including reasonable attorneys’ fees and expenses of Brown Rudnick LLP ("Brown Rudnick"), Paul, Weiss, Rifkind, Wharton & Garrison LLP ("Paul Weiss") and Arnold & Porter Kaye Scholer LLP) arising under or in connection with the preparation, execution and delivery of this Agreement, and (ii) invoiced and outstanding on the date hereof.

3.3. ABL and Convertible Notes Forbearance Agreements. (a) The ABL Forbearance Agreement and (b) the Term Loan Forbearance Agreement, each in form and substance satisfactory to the Forbearing Holders, shall have been executed by the parties thereto, and shall have become effective, in each case, substantially concurrently with the effectiveness of this Agreement, and, substantially concurrently with the effectiveness of this Agreement, the Forbearing Holders shall have received fully executed copies thereof and copies of any and all documents that are required to be delivered thereunder at or prior to the effectiveness thereof.

For purposes of determining compliance with the conditions specified in this Agreement each Forbearing Holder party to this Agreement, by submitting their signature page hereto to Paul Weiss, shall be deemed to have consented to, approved or accepted or to be satisfied with each document or other matter.
4. **Representations and Warranties.** To induce the Forbearing Holders to enter into this Agreement, each Company Indenture Party hereby represents and warrants as of the Effective Date as follows:

4.1. **Due Organization and Qualification.** Each Company Indenture Party and each Domestic Subsidiary (i) is duly organized and existing and in good standing under the laws of the jurisdiction of its organization, (ii) is qualified to do business in any jurisdiction where the failure to be so qualified could reasonably be expected to result in a Material Adverse Change, and (iii) has all requisite power and authority to own and operate its properties, to carry on its business as now conducted and as proposed to be conducted, to enter into this Agreement and the other Indenture Documents to which it is a party and to carry out the transactions contemplated hereby and thereby.

4.2. **Due Authorization; No Conflict.** The execution, delivery, and performance by each Company Indenture Party of this Agreement and the other Indenture Documents to which it is a party do not and will not (i) violate any material provision of federal, state, or local law or regulation applicable to any Company Indenture Party or Domestic Subsidiary, the Governing Documents of any Company Indenture Party or Domestic Subsidiary, or any order, judgment, or decree of any court or other Governmental Authority binding on any Company Indenture Party or Domestic Subsidiary, (ii) conflict with, result in a breach of, or constitute (with due notice or lapse of time or both) a default under any Material Contract of any Company Indenture Party or Domestic Subsidiary, except to the extent that any such conflict, breach or default has been waived or could not individually or in the aggregate reasonably be expected to cause a Material Adverse Change, (iii) result in or require the creation or imposition of any Lien of any nature whatsoever upon any assets of any Company Indenture Party, other than Permitted Liens, or (iv) require any approval of any Company Indenture Party’s interest holders or any approval or consent of any Person under any Material Contract of any Company Indenture Party, other than consents or approvals that have been obtained and that are still in force and effect and except, in the case of Material Contracts, for consents or approvals, the failure to obtain could not individually or in the aggregate reasonably be expected to cause Material Adverse Change.

4.3. **Binding Obligations.** This Agreement and each other Indenture Document has been duly executed and delivered by each Company Indenture Party that is a party thereto and is the legally valid and binding obligation of such Company Indenture Party, enforceable against such Company Indenture Party in accordance with its respective terms, except as enforcement may be limited by equitable principles or by bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or limiting creditors’ rights generally.

4.4. **No Other Defaults.** Except for the Existing Defaults, no other Default or Event of Default has occurred and is continuing.

4.5. **No Defenses.** No Company Indenture Party has any defenses to payment, counterclaims, or rights of setoff or recoupment with respect to any Obligations applicable to such Company Indenture Party owing to the Trustee or any Holder as of the Effective Date.

5. **Covenants.** During the Forbearance Period, each Company Indenture Party shall comply with the covenants set forth in this Section 5 in addition to the covenants in the Indenture and any other Indenture Documents (it being understood and agreed that the occurrence and continuance of the Existing Defaults shall not constitute a breach of this Section 5).
5.1. **Other Documentation.** Subject to the Disclosure Restrictions, the Company Indenture Parties shall provide to the Forbearing Holders such other documents, instruments and agreements as may be reasonably requested by the Forbearing Holders on or after the date of this Agreement, all in form and substance reasonably satisfactory to the Forbearing Holders.

5.2. **Expenses.** The Issuer 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 in its capacity as counsel to certain of the Holders, and (b) Paul Weiss 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 to the extent permitted by applicable law) of the Indenture, this Agreement, any of the other Indenture Documents and the transactions related to the Indenture Documents or the monitoring of compliance by the Issuer and each Company Indenture Party and each of its Subsidiaries with the terms of the Indenture Documents. Without limitation of the foregoing, the Company Indenture Parties shall pay all of such reasonable documented out-of-pocket costs and expenses of the Forbearing Holders (including reasonable documented out-of-pocket attorneys’ fees, including, without limitation, local counsel fees of one law firm per jurisdiction, in each case promptly (and, in any event, by no later than fourteen (14) days) following submission of invoices therefor. All amounts payable pursuant to this Section 5.2 shall constitute Obligations.

6. **Ratification of Indenture Documents and Collateral.** Each Company Indenture Party hereby acknowledges, ratifies, reaffirms and agrees that each of the Indenture Documents to which it is a party, and the Liens and security interests created thereby in favor of the Trustee, for the benefit of the Secured Parties, in the Collateral, are and will remain in full force and effect and binding on such Company Indenture Party, and are enforceable in accordance with their respective terms and applicable law. By its execution hereof, each Company Indenture Party (in its individual capacity and in its capacity as member, shareholder or partner of each other Company Indenture Party, as applicable) acknowledges, ratifies and reaffirms all of the terms and provisions of the Indenture Documents and the enforceability thereof against it. Without limitation of the foregoing, the Issuer hereby acknowledges, ratifies and confirms the Indenture and all of its debts and obligations to the Trustee and the Holders thereunder.

7. **Guarantors Consent and Acknowledgement.** The Guarantors, for value received, hereby consent to the Issuer’s execution and delivery of this Agreement and the performance by the Issuer of its agreements and obligations hereunder. This Agreement and the performance or consummation of any transaction that may be contemplated under this Agreement, 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.

8. **NO DEFENSES; RELEASE.** EACH COMPANY INDENTURE PARTY (IN ITS OWN RIGHT AND ON BEHALF OF ITS PREDECESSORS, SUCCESSORS, LEGAL REPRESENTATIVES AND ASSIGNS) HEREBY EXPRESSLY AND UNCONDITIONALLY ACKNOWLEDGES AND AGREES THAT, AS OF THE DATE HEREOF, IT HAS NO SETOFFS, COUNTERCLAIMS, ADJUSTMENTS, RECOURSES, OR DEFENSES TO THE OBLIGATIONS, OR ANY GROUNDS OR CAUSE FOR REDUCTION, MODIFICATION, SET ASIDE OR SUBORDINATION OF THE OBLIGATIONS OR ANY LIENS OR SECURITY INTERESTS OF THE TRUSTEE. IN PARTIAL CONSIDERATION FOR THE AGREEMENT OF
THE FORBEARING HOLDERS TO ENTER INTO THIS AGREEMENT, EACH COMPANY INDENTURE PARTY HEREBY KNOWINGLY AND UNCONDITIONALLY WAIVES AND FULLY AND FINALLY RELEASES AND FOREVER DISCHARGES THE TRUSTEE, EACH FORBEARING HOLDER, EACH OF THEIR RESPECTIVE AFFILIATES, AND ANY OF THEIR AND THEIR 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 PERSONS”) FROM, AND COVENANTS NOT TO SUE THE RELEASED PERSONS FOR, ANY AND ALL SETOFFS, COUNTERCLAIMS, ADJUSTMENTS, RECOUPMENTS, CLAIMS, CAUSES OF ACTION, ACTIONS, GROUNDS, CAUSES, DAMAGES, COSTS AND EXPENSES OF EVERY NATURE AND CHARACTER, WHETHER CONTINGENT, NONCONTINGENT, LIQUIDATED, UNLIQUIDATED, FIXED, MATURED, UNMATURED, DISPUTED, UNDISPUTED, LEGAL, EQUITABLE, SECURED OR UNSECURED, KNOWN OR UNKNOWN, ACTUAL OR PUNITIVE, FORESEEN OR UNFORESEEN, DIRECTLY ARISING OUT OF OR FROM OR RELATED TO ANY OF THE INDENTURE DOCUMENTS (EXCLUDING SETOFFS, COUNTERCLAIMS, ADJUSTMENTS, RECOUPMENTS, CLAIMS, CAUSES OF ACTION, ACTIONS, GROUNDS, CAUSES, DAMAGES, COSTS OR EXPENSES WHICH ARISE FROM ANY RELEASED PERSON'S WILLFUL MISCONDUCT OR GROSS NEGLIGENCE), WHICH ANY COMPANY INDENTURE PARTY OWNS AND HOLDS AS OF THE DATE HEREOF, OR HAS AT ANY TIME PRIOR TO THE DATE HEREOF OWNED OR HELD, SUCH WAIVER, RELEASE AND DISCHARGE BEING MADE WITH FULL KNOWLEDGE AND UNDERSTANDING OF THE CIRCUMSTANCES AND EFFECTS OF SUCH WAIVER, RELEASE AND DISCHARGE AND AFTER HAVING CONSULTED LEGAL COUNSEL OF ITS OWN CHOOSING WITH RESPECT THERETO. THIS SECTION IS IN ADDITION TO ANY OTHER RELEASE OF ANY OF THE RELEASED PERSONS BY ANY COMPANY INDENTURE PARTY AND SHALL NOT IN ANY WAY LIMIT ANY OTHER RELEASE, COVENANT NOT TO SUE, OR WAIVER BY ANY COMPANY INDENTURE PARTY IN FAVOR OF ANY OF THE RELEASED PERSONS.

9. **No Obligation.** Each Company Indenture Party hereby acknowledges and understands that upon the expiration or earlier termination of the Forbearance Period, if any Existing Default shall be continuing, and such Existing Default has not been waived by written agreement in accordance with the Indenture, or if there shall at any time exist any other Event of Default, then the Trustee and the Holders shall have the right to proceed to exercise any or all available rights and remedies, which may include foreclosure on the Collateral and/or institution of legal proceedings, in accordance with the Indenture Documents. The Trustee and the Holders shall have no obligation whatsoever to extend the maturity of the Obligations, waive any Default or Event of Default (including, but not limited to, the Existing Defaults), defer any payments, or further forbear from exercising their rights and remedies.

10. **No Implied Waivers.** No failure or delay on the part of the Trustee, the Collateral Trustee or any Forbearing Holder in exercising, and no course of dealing with respect to, any right, power or privilege under this Agreement, the Indenture or any other Indenture Document shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege under this Agreement, the Indenture or any other Indenture Document preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

11. **Survival of Representations and Warranties.** All representations and warranties made by the Company Indenture Parties in this Agreement shall be considered to have been relied upon by the other parties hereto and thereto and shall survive the execution and delivery of this Agreement, regardless of any investigation made by any such other party or on its behalf notwithstanding that any such party may have had notice or knowledge of any Default or Event of Default or incorrect representation or
warranty, and shall continue in full force and effect as long as any of the Obligations is outstanding and unpaid.

12. **Review and Construction of Documents.** Each Company Indenture Party hereby acknowledges, and represents and warrants to the Forbearing Holders that, such Company Indenture Party has (a) had the opportunity to consult with legal counsel of its own choice and has been afforded an opportunity to review this Agreement with its legal counsel, (b) reviewed this Agreement and fully understands the effects thereof and all terms and provisions contained herein, and (c) executed this Agreement of its own free will and volition.

13. **ENTIRE AGREEMENT; AMENDMENT.** This Agreement, together with the other Indenture Documents, reflects the entire understanding of the parties with respect to the transactions contemplated hereby and thereby and shall not be contradicted or qualified by any other agreement, oral or written, before the date hereof. The provisions of this Agreement may be amended or waived only by an instrument in writing signed by the Company Indenture Parties and Forbearing Holders constituting the Required Holders; provided that clause (i) of the definition of “Termination Date” in Section 1 of this Agreement may also be amended pursuant to an e-mail in which the Company Indenture Parties and Forbearing Holders constituting the Required Holders (or their respective advisors, including Paul Weiss) affirmatively consent to such proposed amendment in such e-mail. The Indenture Documents, as modified by this Agreement, continue to evidence the agreement of the parties with respect to the subject matter thereof.

14. **Notices.** All notices, requests, demands and other communications under this Agreement shall be given in accordance with Section 21.04 of the Indenture, provided that courtesy copy of any notice (a) given to any Company Indenture Party shall be delivered to Porter Hedges LLP, 1000 Main Street, 35th Floor, Houston, Texas 77002, to the attention of E. James Cowen and Joyce K. Soliman, and (b) given to the Forbearing Holders shall also be delivered to Paul, Weiss, Rifkind, Wharton & Garrison, LLP, 1285 Avenue of the Americas, New York, NY 10019-6064, to the attention of Andrew N. Rosenberg, Esq. and Brian Bolin, Esq.; and Brown Rudnick LLP, One Financial Center, Boston, Massachusetts 02111, to the attention of Andreas Andromalos, Esq. and Adam Grandy, Esq.

15. **Successors and Assigns.**

(a) This Agreement will be binding upon and inure to the benefit of, but only to the benefit of, Issuer, the other Company Indenture Parties, and the Forbearing Holders and, in each case, their respective successors and permitted assigns. Except as expressly provided in any Indenture Document, neither of Issuer nor any other Company Indenture Party shall have the right to assign any rights or obligations hereunder or any interest herein.

(b) During the Forbearance Period, no Forbearing Holder may sell, transfer, negotiate or assign all or any portion of its rights and obligations under the Indenture and the Notes to any other person unless (a) the person acquiring such rights (i) is a Forbearing Holder at the time of such transfer, or (ii) prior to such sale, transfer, negotiation or assignment, agrees in writing to be bound by this Agreement and enters into a forbearance joinder agreement in form and substance reasonably satisfactory to the Company Indenture Parties, and (b) such transferring Forbearing Holder promptly notifies the Company Indenture Parties and the other Forbearing Holders party hereto of such transfer. This Agreement shall in no way be construed to preclude any Forbearing Holder party hereto from acquiring additional Obligations; provided, that such additional Obligations shall automatically become subject to the terms of this Agreement.

-7-
16. **Controlling Effect.** The parties hereto hereby agree that this Agreement shall be an “Indenture Document” as defined in the Indenture. In the event of a conflict or inconsistency between this Agreement and the Indenture or any other Indenture Document, this Agreement shall control.

17. **Other Terms.** No act committed or action taken by any Forbearing Holder under this Agreement or the other Indenture Documents will be used, construed, or deemed to hold such person to be in control of any Company Indenture Party, or the governance, management or operations of any Company Indenture Party for any purpose, without limitation, or to be participating in the management of any Company Indenture Party or acting as a “responsible person” or “owner or operator” or a person in “control,” “possession,” “charge,” “care,” or “management” with respect to the governance, management or operation of any Company Indenture Party or their respective businesses or property (as such terms, or any similar terms, are used in any bankruptcy, insolvency or similar laws affecting the enforcement of creditors’ rights generally, CERCLA, or any other environmental protection and safety laws, each as may be amended from time to time, or any other federal or state statute, at law, in equity or otherwise) by virtue of the interests, rights and remedies granted to or conferred upon the Forbearing Holders under this Agreement or the other Indenture Documents.

18. **Arms-Length/Good Faith.** This Agreement has been negotiated at arms-length and in good faith by the parties hereto.

19. **Governing Law.** The validity of this Agreement and the other Indenture Documents (unless expressly provided to the contrary in another Indenture Document in respect of such other Indenture Document), the construction, interpretation, and enforcement hereof and thereof, and the rights of the parties hereto and thereto with respect to all matters arising hereunder or thereunder or related hereto or thereto as well as all claims, controversies or disputes arising under or related to this Agreement and the other Indenture Documents shall be determined under, governed by, and construed in accordance with the laws of the state of New York, without regard to the conflicts of laws principles thereof that would require the application of the laws of another jurisdiction.

20. **Interpretation.** Except as otherwise expressly provided for herein, all references herein to the time of day shall mean the time in New York, New York. Whenever the words “including” or “include” shall be used, such words shall be understood to mean “including, without limitation” or “include, without limitation.” All representations and warranties hereunder shall be given independent effect so that if a particular representation or warranty proves to be incorrect or is breached, the fact that another representation or warranty concerning the same or similar subject matter is correct or is not breached will not affect the incorrectness of a breach of a representation or warranty hereunder.

21. **Severability.** Each provision of this Agreement shall be severable from every other provision of this Agreement for the purpose of determining the legal enforceability of any specific provision.

22. **Counterparts, Electronic Execution.** This Agreement may be executed in any number of and by different parties hereto on separate counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, when taken together, shall constitute but one and the same Agreement. Delivery of an executed counterpart of this Agreement by facsimile or other electronic method of transmission (including email transmission of a PDF image) shall be equally as effective as delivery of an original executed counterpart of this Agreement.

23. **Further Assurances.** Each Company Indenture Party agrees to execute, acknowledge, deliver, file and record such further certificates, instruments and documents, and to do all other acts and
things, as may be reasonably requested by the Forbearing Holders as necessary or advisable to carry out the intents and purposes of this Agreement.

24. **WAIVER OF JURY TRIAL.** TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, ISSUER, EACH OTHER COMPANY INDENTURE PARTY, AND EACH FORBEARING HOLDER HEREBY WAIVE THEIR RESPECTIVE RIGHTS, IF ANY, TO A JURY TRIAL OF ANY CLAIM, CONTROVERSY, DISPUTE OR CAUSE OF ACTION DIRECTLY OR INDIRECTLY BASED UPON OR ARISING OUT OF THIS AGREEMENT OR ANY OF THE OTHER INDENTURE DOCUMENTS OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREIN OR THEREIN, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW OR STATUTORY CLAIMS (EACH, A “CLAIM”). ISSUER, EACH OTHER COMPANY INDENTURE PARTY, AND EACH FORBEARING HOLDER REPRESENT THAT EACH HAS REVIEWED THIS WAIVER AND EACH KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL. IN THE EVENT OF LITIGATION, A COPY OF THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.

25. **Trustee Makes No Representations.** The Trustee makes no representation as to the validity, enforceability or sufficiency of this Agreement or the statements made in the recitals, all of which are statements of the Indenture Parties and/or the Forbearing Holders, respectively.

26. **Third Party Beneficiary.** The Trustee is an express third party beneficiary of this Agreement.

[Signatures Follow]
IN WITNESS WHEREOF, the parties hereto have executed this Agreement 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 and President

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

[Signature Page to Forbearance Agreement]
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

[Signature Page to Forbearance Agreement]
BLUE MOUNTAIN CREDIT ALTERNATIVES MASTER FUND, L.P.
By: BlueMountain Capital Management, LLC, its Investment Manager
By: /s/ Dawn Jasiak
Name: Dawn Jasiak
Title: General Counsel

BLUEMOUNTAIN KICKING HORSE FUND, L.P.
By: BlueMountain Capital Management, LLC, its Investment Manager
By: /s/ Dawn Jasiak
Name: Dawn Jasiak
Title: General Counsel

BLUEMOUNTAIN MONTENVERS MASTER FUND SCA SICAV-SIF, L.P.
By: BlueMountain Capital Management, LLC, its Investment Manager
By: /s/ Dawn Jasiak
Name: Dawn Jasiak
Title: General Counsel

BLUEMOUNTAIN SUMMIT TRADING, L.P.
By: BlueMountain Capital Management, LLC, its Investment Manager
By: /s/ Dawn Jasiak
Name: Dawn Jasiak
Title: General Counsel

[Signature Page to Forbearance Agreement]
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

[Signature Page to Forbearance Agreement]
HOLDER:

JOHN PECORA

/s/ John
Pecora

[Signature Page to Forbearance Agreement]
HOLDER:

AMZAK CAPITAL MANAGEMENT, LLC

By: /s/ Samuel Barker
Name: Samuel Barker
Title: Senior Fixed Income Analyst

[Signature Page to Forbearance Agreement]
HOLDER:

JEFF HASTINGS

By: /s/ Jeff

[Signature Page to Forbearance Agreement]
The following Events of Default have occurred and are continuing (collectively, the “Existing Defaults”):

1. Events of Default under clauses (b) and (c) of Section 9.01(e)(ix) of the Indenture as a result of events of default having occurred under the Term Documents and the ABL Documents and which are the subject of the ABL Forbearance Agreement and the Term Loan Forbearance Agreement entered into by the parties thereto contemporaneously with this Agreement.

2. Events of Default arising under Section 9.01(e)(i) of the Indenture as a result of the failure by each Company Indenture Party to notify the Trustee and Collateral Trustee of the Existing Defaults at any time on or prior to the Effective Date as required by Sections 4.16(b)(iii) and (vi)(x) of the Indenture.

3. Events of Default arising under Section 9.01(e)(iv) of the Indenture as a result of the failure to provide the Trustee and Collateral Trustee with (a) the annual Officers’ Certificate for the fiscal year ended December 31, 2019, as required by Section 4.06(a)(i), and (b) the Officers’ Certificates regarding the Existing Defaults (and any proposed action) as required by Section 4.06(a)(ii).
SEPARATION AND CONSULTING AGREEMENT

This Separation and Consulting Agreement (collectively, the “Agreement”) dated as of November 26, 2019 (the “Effective Date”) is made by and between SAExploration Holdings, Inc. (the “Company”) and Jeffrey Hastings (“Hastings”). Hastings and the Company together are referred to as the “Parties.”

Preamble

WHEREAS, Hastings has been employed by the Company as the Chief Executive Officer and Chairman of the Board pursuant to an Amended and Restated Executive Employment Agreement effective August 3, 2016, as amended by the First Amendment to the Amended and Restated Executive Employment Agreement, and Second Amendment to the Amended and Restated Executive Employment Agreement (as amended, the “Employment Agreement”) attached hereto as Exhibit A;

WHEREAS, Hastings has already been deemed to have voluntarily resigned from each position that he held as a director or officer of the Company, and will voluntarily resign as an employee from the Company on November 30, 2019; and

WHEREAS, Hastings and the Company desire for Hastings to provide consulting services as an independent contractor following termination of Hastings’ employment during the period of time and upon the terms and conditions set forth herein.

NOW THEREFORE in consideration of the mutual promises exchanged in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

Agreement

Definition. When used in this Agreement, “Company and/or its Affiliates” shall mean and include SAExploration Holdings, Inc. and all of its predecessors, successors, parents, subsidiaries, divisions and other affiliated companies, partners, partnerships, assigns, and all of their respective present and former officers, directors, employees, shareholders or equity holders, board members, agents and insurers, whether in their individual or official capacities.

1. Resignation Date. As of November 30, 2019 (the “Resignation Date”), Hastings will be deemed to voluntary resign from employment with the Company and from any and all positions ever held as an officer, manager, director or similar position with any subsidiary of the Company. Hastings acknowledges and agrees that he voluntarily resigned from all other positions as director and officer of the Company.

2. Accrued Obligations and COBRA Reimbursement. The Company agrees to provide Hastings with the following benefits: (i) payment of his current base salary through November 30, 2019; and (ii) payment of his accrued, unused vacation, in the amount of $121,101.35. Such base salary will be paid in accordance with the Company’s normal payroll schedule and the payments identified in this part (ii) of the previous sentence will be paid in a
lump sum within thirty (30) days after the Effective Date. In addition, as consideration for entering into this Agreement and provided Hastings does not violate any obligation under this Agreement including his Continued Obligations (defined below), the Company agrees that, if Hastings elects to continue group health insurance coverage under the Consolidated Omnibus Budget Reconciliation Act (“COBRA”), the Company will timely reimburse Hastings for the costs of his continuing health insurance benefits through COBRA coverage for eighteen (18) months following the Resignation Date. Hastings shall submit notification of payment for COBRA coverage each month to the Company via email to Andrea Caro at acaro@saexploration.com, and the Company will reimburse Hastings for the COBRA payments referenced in this Section 2 within fifteen (15) calendar days after receipt of proof of each monthly COBRA payment made by Hastings. Hastings acknowledges that this COBRA reimbursement is in addition to anything of value to which Hastings already is entitled from the Company and that Hastings is not entitled to such reimbursement except as provided in this Agreement. All amounts paid pursuant to this Agreement will be reduced by applicable deductions and withholdings required by local, state, or federal law.

3. **Clawback.** The Parties acknowledge and agree that the Company may claw back and recover any bonus or other incentive compensation provided to Hastings pursuant to the Employment Agreement or any other incentive or bonus plan, the Sarbanes-Oxley Act, and other applicable law, and Hastings hereby consents to the Company doing so to the maximum extent permitted by law. To the extent that Hastings received or receives any amount in excess of the amount that Hastings should otherwise have received under the terms of the applicable compensation plan, program, agreement or arrangement (including, without limitation, by reason of a financial restatement, mistake in calculations or other administrative error), Hastings shall be required to repay any such excess amount to the Company.

4. **Release by Hastings.** In exchange for the consideration contained herein, Hastings, on behalf of himself, and his agents, spouse, heirs, executors, successors and assigns, unconditionally, fully and forever waives, releases, discharges, agrees to hold harmless, and promises not to sue the Company and/or its Affiliates, from and for any claim, action or right of any sort, known or unknown, arising on or before the Effective Date, for any wages, salary, bonuses, equity interests, compensation, sick time, vacation time, paid leave or other remuneration of any kind or any claim for additional or different compensation or benefits of any sort, including severance payments or benefits pursuant to the Employment Agreement or any other agreement (including any of the amounts identified in Section 5 of the Employment Agreement), or additional or different compensation or benefits related to his resignation or termination of employment with the Company. For the avoidance of doubt, Hastings is not releasing his right to his base salary earned through the Resignation Date, current employment benefits through the Resignation Date, any Consulting Compensation, vested benefits under any Company benefit plan to which Hastings is entitled pursuant to applicable law or the terms of such plans), or the COBRA reimbursements.

5. **Continued Obligations.** Hastings acknowledges and agrees that he previously agreed to be bound by certain ongoing and post-employment obligations pursuant to Sections 6 and 7 of the Employment Agreement (the “Continued Obligations”), which are hereby incorporated herein by reference.
6. **Consulting.** The Company agrees to engage Hastings on an independent contractor basis as a consultant to the Company and Hastings accepts such engagement and agrees to provide the services reasonably requested of him by Mel Cooper, Director of the Company (“Cooper”), or his designee. The term of this consultancy engagement will commence on the Resignation Date and shall continue for one (1) month until December 31, 2019 or unless otherwise terminated by the Company or Hastings (the “Consulting Period”). The Company and Hastings may terminate the Consulting Period for any reason or no reason upon written notice. Hastings, as an independent contractor during the Consulting Period, shall control the manner and methods employed by him in performing the services, pursuant to the general instructions and directions from the Company. Hastings will perform his obligations as a consultant as a reasonable and prudent professional, in a good and workmanlike manner, and in compliance with all applicable laws and regulations, applicable written policies and procedures of the Company, and applicable professional standards. He must perform the services requested without undue delay and keep the Company informed about his services for the Company. Any services to the Company will be on an as-needed basis and will not exceed forty (40) hours per workweek.

7. **Independent Contractor.** The relationship between Hastings and the Company will be that of independent contractors during the Consulting Period. He is not and shall not be deemed to be an employee, agent, joint venturer, or partner of the Company and/or its Affiliates. Nothing herein shall be construed as creating or establishing an employment relationship after the Resignation Date. Hastings shall not be entitled to, and Company shall not provide, any contribution, profit sharing, pension, health, worker’s compensation or other insurance programs, or other benefits commensurate with employee status during the Consulting Period (other than any entitlement that he was already entitled to by virtue of his employment with the Company prior to the Resignation Date). Furthermore, Hastings agrees that he shall not be treated as an employee of Company for tax purposes during the Consulting Period, and that Company shall not pay any contributions to Social Security, unemployment insurance, or federal or state withholding taxes on behalf of Hastings in connection with the Consulting Fees identified herein. Hastings agrees and understands that he is solely responsible for all taxes or other payments related to compensation Hastings receives pursuant to this Agreement. Hastings understands and agrees that the Company shall not be obligated to pay for any expenses related to any illnesses or injuries that Hastings may suffer related, directly or indirectly, to the performance of the consulting services hereunder.

8. **Consultant Fees.** Hastings will be paid $2,200 per day (the “Consulting Compensation”) for all services performed during the Consulting Period that have been approved in advance in writing by the Company. Such amounts for each month in which the Consulting Period is in effect will be paid no later than thirty (30) days after the end of such month. The Company agrees to reimburse Hastings for actual, documented and reasonable travel and out-of-pocket expenses in connection with the performance of the services that have been approved in advance in writing by the Company.
9. **Cooperation.**

   (a) Upon reasonable request, Hastings agrees to cooperate with the Company and all individuals employed by the Company in any and all matters relating to the Company, including cooperation in any transition of his duties as Chief Executive Officer and Chairman of the Board, as well as any ongoing investigations by the Securities and Exchange Commission (the “SEC”) and related investigations or any other related matters at the request of the Company.

   (b) Hastings agrees that he will not discuss with any current Company employees or potential or actual customers of the Company, or otherwise interfere with, directly or indirectly, any matters relating to the SEC investigation, the Company’s own investigation, any Company business, or any related matters. Notwithstanding the foregoing, Hastings may discuss these matters with Cooper, as well as others so long as Cooper gives Hastings permission to do so. Nothing in this Agreement inhibits or prohibits Hastings from (i) communicating with the SEC or any other government agency about any matter, or (ii) making disclosures that may be required by law or compelled by legal process.

   (c) Hastings represents and warrants that he has previously disclosed or will in the future disclose and advise the Company of all instances of any alleged regulatory violations or potential noncompliance of law by the Company of which he is aware. Hastings further agrees that he will make no knowing and intentional misstatements of fact to Sidley Austin and Ankura investigators in interviews.

10. **Enforcement.**

    (a) **Arbitration.**

        (i) With the exception of Section 10 of the Employment Agreement (relating to a breach or threatened breach of Section 6 or 7 of that agreement), the Parties agree that any and all disputes, claims or controversies arising out of, relating to, or in connection with this Agreement or Hastings’ resignation, including the execution, performance, and termination of this Agreement and related documents, that are not resolved by their mutual agreement shall be resolved by final and binding confidential arbitration as the exclusive remedy. Hastings understands that by entering into this Agreement, Hastings is waiving any right he may have to file a lawsuit or other civil action or proceeding, and Hastings is waiving any right he may have to resolve disputes through trial by judge or jury.

        (ii) Either Party may commence the arbitration process by filing a written demand for arbitration with the American Arbitration Association (“AAA”) and sending a copy by personal delivery or certified mail to the other party. The Parties agree that, except as provided in this Agreement, the arbitration shall be in accordance with the AAA's then–current rules Commercial Arbitration Rules. The arbitration shall be conducted by one arbitrator (“Arbitrator”) admitted to practice law in Texas for at least ten (10) years who is a former judge, selected pursuant to the selection procedures provided by AAA or by an arbitrator mutually selected by the parties. Proceedings to enforce, confirm, modify, set aside or vacate an award or decision rendered by the Arbitrator will be controlled by and conducted in conformity
with the Federal Arbitration Act, 9 U.S.C. § 1 et seq., or applicable state law. The arbitration shall be final and binding upon the parties. The Parties will be responsible for paying their own costs and attorney’s fees except as otherwise provided by the arbitration rules. Any arbitration proceeding shall take place in Harris County, Texas. The arbitration proceeding and all related documents will be confidential, unless disclosure is required by law.

(iii) **THE PARTIES HEREBY WAIVE THEIR RIGHT TO TRIAL BY JURY AND AGREE TO HAVE ANY AND ALL DISPUTES RESOLVED IN ARBITRATION IN ACCORDANCE WITH THIS SECTION.**

11. **Notices.** Any notices provided under this Agreement shall be effective if provided concurrently by both email and federal express (overnight delivery) as follows:

(a) If to Hastings:
   (i) [Email to be provided by counsel for Hastings]
   (ii) With a courtesy copy (which does not constitute notice) to:
        Jeffrey S. Johnston  
        Vinson & Elkins LLP  
        101 Fannin Street, Ste. 2500, Houston, TX 77002  
        jjohnston@velaw.com

(b) If to the Company:
   (i) To SAExploration Holdings, Inc.  
       1160 Dairy Ashford Road, Suite 160, Houston, TX 77079  
       Attn: Michael Faust, Chief Executive Officer.  
       mfaust@saexploration.com
   (ii) With a courtesy copy (which does not constitute notice) to:
        E. James Cowen  
        Porter Hedges LLP  
        1000 Main St., 36th Floor, Houston, TX 77002  
        jcowen@porterhedges.com
12. **Authority.** The Parties warrant that they or their undersigned representatives are legally competent and fully authorized to execute and deliver this Agreement. Hastings additionally warrants that he has not heretofore assigned or transferred, or purport to have assigned or transferred, to any firm, entity, or person, any dispute released herein.

13. **Entire Agreement.** This Agreement, together with the Continued Obligations and Sections 10, 11, 16, 17, 19, 20, 22, 23, and 24 of the Employment Agreement, embody the entire agreement between the Parties relating to the subject matter hereof, and may be amended or modified only by an instrument in writing executed jointly by the Parties. For the avoidance of doubt, nothing herein waives any of Hastings’ rights pursuant to that certain Director and Officer Indemnification Agreement made between the Parties and dated as of July 27, 2016 (the “**Indemnification Agreement**”), as Hastings’ rights under the Indemnification Agreement continue in full force and effect.

14. **Choice of Law.** This Agreement is made and shall be enforced pursuant to the laws of the State of Delaware. It is the intent of the Parties that this Agreement may be disclosed to a court of law and that the terms of the Agreement are binding upon the Parties in a court of law.

15. **No Admission.** The Parties acknowledge that this Agreement is the result of a compromise and shall never be construed as, or said by either of them to be, an admission by the other of any liability, wrongdoing, or responsibility. The Parties expressly disclaim any such liability, wrongdoing, fault, or responsibility.

16. **Other Representations.** By executing this Agreement and as a condition precedent to any obligations or liabilities of the Parties, Hastings expressly acknowledges, represents, and warrants that Hastings (i) is not relying upon any statements, understandings, representations, expectations, or agreements other than those expressly set forth in this Agreement; (ii) was represented by legal counsel of his own choosing; (iii) has made his own investigation of the facts, have had a full opportunity to review the terms of this Agreement, and has and is relying solely upon his own knowledge and the advice of his own legal counsel; (iv) has carefully read and understood all of the provisions of this Agreement; (v) knowingly waives any claim that this Agreement was induced by any misrepresentation, omission, or nondisclosure and any right to rescind or avoid this Agreement based upon presently existing facts, known or unknown; and (vi) he is the lawful owner of the claims released herein and has not assigned, transferred, sold, pledged, or in any manner whatsoever conveyed any right, title, interest, or claim in or to any claim released by this Agreement. Hastings stipulates that the Company is relying upon these representations and warranties in entering into this Agreement. These representations and warranties shall survive the execution of this Agreement.

17. **Severability.** If any provision of this Agreement is held to be illegal, invalid or unenforceable under any present or future laws or public policies, such provisions shall be fully severable and shall in no way affect the validity or enforceability of this Agreement or any other provision herein.
18. **Waiver.** The provisions of this Agreement may only be waived with the prior written consent of the Company and Hastings, and no course of conduct or failure or delay in enforcing the provisions of this Agreement shall be construed as a waiver of such provisions or affect the validity, binding effect, or enforceability of this Agreement or any provision herein.

19. **Agreement Jointly Drafted.** The Parties agree that this Agreement shall be construed as if the Parties jointly prepared this Agreement and that this Agreement shall not be construed against any Party on the ground that such Party drafted the Agreement.

20. **Voluntary Execution.** Hastings further acknowledges that he has had sufficient time to consider this Agreement, that he was represented by counsel of his choosing in negotiating this Agreement, and that Hastings is signing this Agreement knowingly and voluntarily for purposes of receiving additional, valuable compensation beyond what Hastings would otherwise be entitled to.
IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as follow:

/s/ Jeffrey Hastings
Jeffrey Hastings
Date: 11/26/2019
This Separation and Consulting Agreement (collectively, the “Agreement”) dated as of December 27, 2019 (the “Effective Date”) is made by and between SAExploration Holdings, Inc. (the “Company”) and Ryan Abney (“Abney”). Abney and the Company together are referred to as the “Parties.”

Preamble

WHEREAS, Abney was previously employed by the Company as Vice President, Capital Markets and Investor Relations and is currently employed as Vice President, Finance, pursuant to an Executive Employment Agreement effective on or about August 3, 2016, as amended by the First Amendment to Executive Employment Agreement and Second Amendment to Executive Employment Agreement (as amended, the “Employment Agreement”) attached hereto as Exhibit A;

WHEREAS, Abney is now resigning from the Company pursuant to the terms of this Agreement; and

WHEREAS, Abney and the Company desire for Abney to provide consulting services as an independent contractor following termination of Abney’s employment during the period of time and upon the terms and conditions set forth herein.

NOW THEREFORE in consideration of the mutual promises exchanged in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

Agreement

Definition. When used in this Agreement, “Company and/or its Affiliates” shall mean and include SAExploration Holdings, Inc. and all of its predecessors, successors, parents, subsidiaries, divisions and other affiliated companies, partners, partnerships, assigns, and all of their respective present and former officers, directors, employees, shareholders or equity holders, board members, agents and insurers, whether in their individual or official capacities.

1. Resignation Date. As of December 22, 2019 (the “Resignation Date”), Abney will be deemed to voluntary resign from employment with the Company and from any and all positions ever held as an officer, manager, director or similar position with any subsidiary of the Company.

2. Accrued Obligations and Severance Benefits. In consideration for the release in Section 4 below and the covenants contained in this Agreement, the Company shall provide the following to Abney:

(a) Accrued Obligations: The Company shall pay Abney the following accrued obligations: (i) payment of his current base salary through December 22, 2019; and (ii) payment of his accrued, unused vacation, in the amount of $29,769.25 (collectively, the “Accrued Obligations”). Such base salary will be paid in accordance with the Company’s normal payroll schedule and the payments identified in this part (ii) of the previous sentence will be paid in a lump sum within thirty (30) days after the Effective Date.

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Severance Pay: The Company shall pay Abney an additional two weeks of his current base salary (the “Severance Pay”) in a lump sum within thirty (30) days after the Effective Date of this Agreement. Abney acknowledges that this consideration is in addition to anything of value to which Abney already is entitled from the Company and that Abney is not entitled to the Severance Pay except as provided in this Agreement.

Continuation of Health Insurance Benefits: If Abney elects to continue group health insurance coverage under the Consolidated Omnibus Budget Reconciliation Act (“COBRA”), the Company shall pay Abney the portion of the COBRA premium that the Company was paying for Abney’s health insurance coverage as of the Resignation Date (the “COBRA Premium Payments”) to Abney to assist with Abney’s COBRA coverage for a period of three months, continuing through March 2020. The Company will pay the COBRA Premium Payments to Abney within thirty (30) days after the end of each month. For the avoidance of doubt, the Company is not paying the entire cost of COBRA coverage, but is simply reimbursing Abney the COBRA Premium Payments equal to the payments the Company was making prior to the Resignation Date. The Severance Pay and COBRA Premium Payments are collectively referred to as the “Severance Benefits.”

All amounts paid pursuant to this Agreement will be reduced by applicable deductions and withholdings required by local, state, or federal law.

3. Clawback. The Parties acknowledge and agree that the Company may claw back and recover any bonus or other incentive compensation provided to Abney pursuant to the Employment Agreement or any other incentive or bonus plan, the Sarbanes-Oxley Act, and other applicable law, and Abney hereby consents to the Company doing so to the maximum extent permitted by law. To the extent that Abney received or receives any amount in excess of the amount that Abney should otherwise have received under the terms of the applicable compensation plan, program, agreement or arrangement (including, without limitation, by reason of a financial restatement, mistake in calculations or other administrative error), Abney shall be required to repay any such excess amount to the Company.

4. Release by Abney. In exchange for the consideration contained herein, including the Severance Benefits, Abney, on behalf of himself, and his agents, spouse, heirs, executors, successors and assigns, unconditionally, fully and forever waives, releases, discharges, agrees to hold harmless, and promises not to sue the Company and/or its Affiliates, from and for any claim, action or right of any sort, known or unknown, arising on or before the Effective Date, for any wages, salary, bonuses, equity interests (excluding any equity interests that vested prior to the Resignation Date), compensation, sick time, vacation time, paid leave or other remuneration of any kind or any claim for additional or different compensation or benefits of any sort, including severance payments or benefits pursuant to the Employment Agreement or any other agreement (including any of the amounts identified in Section 5 of the Employment Agreement), or additional or different compensation or benefits related to his resignation or termination of employment with the Company. For the avoidance of doubt, Abney is not releasing his right to his base salary earned through the Resignation Date, current employment benefits through the Resignation Date, the vacation pay identified in Section 2, the Severance Pay, the COBRA Premium Payments, the Consulting Compensation described below, or vested benefits under any Company benefit plan to which Abney is already entitled pursuant to applicable law or the terms
of such plans. Nothing in this Agreement shall be construed to divest Abney of any vested interest or shares in the Company, except as may be permitted or required pursuant to the Clawback Provision contained herein. Likewise, nothing in this Agreement waives any rights Abney has under the October 2, 2019 amended and restated letter agreement (the “A&R Letter Agreement”) attached hereto as Exhibit B, including any applicable indemnification rights or related agreements referenced therein. However, nothing in this Agreement or carve out in the release impairs or limits the Board or Special Committee of the Board from finding that Abney is not entitled to further indemnification under applicable law.

5. **Continued Obligations.** Abney acknowledges and agrees that he previously agreed to be bound by certain ongoing and post-employment obligations pursuant to Sections 6 and 7 of the Employment Agreement (the “Continued Obligations”), which are hereby incorporated herein by reference.

6. **Consulting.** The Company agrees to engage Abney on an independent contractor basis as a consultant to the Company and Abney accepts such engagement and agrees to provide the services reasonably requested of him in writing by Kevin Hubbard (“Hubbard”), or his designee. The term of this consultancy engagement will commence on the Effective Date and shall continue for one (1) month until January 27, 2020 or unless otherwise terminated by the Company or Abney (the “Consulting Period”). The Company and Abney may terminate the Consulting Period for any reason or no reason upon written notice. Abney, as an independent contractor during the Consulting Period, shall control the manner and methods employed by him in performing the services, pursuant to the general instructions and directions from the Company. Abney will perform his obligations as a consultant as a reasonable and prudent professional, in a good and workmanlike manner, and in compliance with all applicable laws and regulations, applicable written policies and procedures of the Company, and applicable professional standards. He must perform the services requested without undue delay and keep the Company informed about his services for the Company. Any services to the Company will be on an as-needed basis and will not exceed forty (40) hours per workweek.

7. **Independent Contractor.** The relationship between Abney and the Company will be that of independent contractors during the Consulting Period. He is not and shall not be deemed to be an employee, agent, joint venturer, or partner of the Company and/or its Affiliates. Nothing herein shall be construed as creating or establishing an employment relationship after the Resignation Date. Abney shall not be entitled to, and Company shall not provide, any contribution, profit sharing, pension, health, worker’s compensation or other insurance programs, or other benefits commensurate with employee status during the Consulting Period (other than any entitlement that he was already entitled to by virtue of his employment with the Company prior to the Resignation Date). Furthermore, Abney agrees that he shall not be treated as an employee of Company for tax purposes during the Consulting Period, and that Company shall not pay any contributions to Social Security, unemployment insurance, or federal or state withholding taxes on behalf of Abney in connection with the Consulting Fees identified herein. Abney agrees and understands that he is solely responsible for all taxes or other payments related to compensation Abney receives pursuant to this Agreement. Abney understands and agrees that the Company shall not be obligated to pay for any expenses related to any illnesses or injuries that Abney may suffer related, directly or indirectly, to the performance of the consulting services hereunder.
8. **Consultant Fees.** Abney will be paid $100 per hour (the “Consulting Compensation”) for all services performed during the Consulting Period that have been approved in advance in writing by the Company. Such amounts for each month in which the Consulting Period is in effect will be paid no later than thirty (30) days after the end of such month. The Company agrees to reimburse Abney for actual, documented and reasonable travel and out-of-pocket expenses in connection with the performance of the services that have been approved in advance in writing by the Company.

9. **Cooperation.**

   (a) For a period of three (3) months from the Effective Date, upon reasonable request, Abney agrees to cooperate with the Company and all individuals employed by the Company in any and all matters relating to the transition of his duties of Vice President, Finance. During the Consulting Period, he will be entitled to the Consulting Compensation as defined herein. Additionally, upon reasonable request and not limited to a three (3) month period, Abney agrees to cooperate with the Company with respect to any ongoing investigations by the Securities and Exchange Commission (the “SEC”) and related investigations or any other related matters at the request of the Company.

   (b) Abney agrees that he will not discuss with any current Company employees or potential or actual customers of the Company, or otherwise interfere with, directly or indirectly, any matters relating to the SEC investigation, the Company’s own investigation, any Company business, or any related matters. Notwithstanding the foregoing, Abney may discuss these matters with Mel Cooper, Director of the Company ("Cooper"), as well as others so long as Cooper gives Abney permission to do so. Nothing in this Agreement inhibits or prohibits Abney from (i) communicating with the SEC or any other government agency about any matter, or (ii) making disclosures that may be required by law or compelled by legal process.

   (c) Abney represents and warrants that he has previously disclosed or will in the future disclose and advise the Company of all instances of any alleged regulatory violations or potential noncompliance of law by the Company of which he is aware. Abney further agrees that he will make no knowing and intentional misstatements of fact to Sidley Austin and Ankura investigators in interviews.

10. **Enforcement.**

   (a) **Arbitration.**

   (i) With the exception of Section 10 of the Employment Agreement (relating to a breach or threatened breach of Section 6 or 7 of that agreement), the Parties agree that any and all disputes, claims or controversies arising out of, relating to, or in connection with this Agreement or Abney’ resignation, including the execution, performance, and termination of this Agreement and related documents, that are not resolved by their mutual agreement shall be resolved by final and binding confidential arbitration as the exclusive remedy. Abney understands that by entering into this Agreement, Abney is waiving any right he may have to file a lawsuit or other civil action or proceeding, and Abney is waiving any right he may have to resolve disputes through trial by judge or jury.
Either Party may commence the arbitration process by filing a written demand for arbitration with the American Arbitration Association ("AAA") and sending a copy by personal delivery or certified mail to the other party. The Parties agree that, except as provided in this Agreement, the arbitration shall be in accordance with the AAA's then–current rules Commercial Arbitration Rules. The arbitration shall be conducted by one arbitrator ("Arbitrator") admitted to practice law in Texas for at least ten (10) years who is a former judge, selected pursuant to the selection procedures provided by AAA or by an arbitrator mutually selected by the parties. Proceedings to enforce, confirm, modify, set aside or vacate an award or decision rendered by the Arbitrator will be controlled by and conducted in conformity with the Federal Arbitration Act, 9 U.S.C. § 1 et seq., or applicable state law. The arbitration shall be final and binding upon the parties. The Parties will be responsible for paying their own costs and attorney’s fees except as otherwise provided by the arbitration rules. Any arbitration proceeding shall take place in Harris County, Texas. The arbitration proceeding and all related documents will be confidential, unless disclosure is required by law.

THE PARTIES HEREBY WAIVE THEIR RIGHT TO TRIAL BY JURY AND AGREE TO HAVE ANY AND ALL DISPUTES RESOLVED IN ARBITRATION IN ACCORDANCE WITH THIS SECTION.

11. Notices. Any notices provided under this Agreement shall be effective if provided concurrently by both email and federal express (overnight delivery) as follows:

(a) If to Abney:
   (i) Ryan Abney
   (ii) With a courtesy copy (which does not constitute notice) to:
        G. James Landon
        Streusand Landon Ozburn Lemmon LLP
        1801 South Mo Pac Express, Suite 320, Austin, Texas 78746
        landon@slollp.com

(b) If to the Company:
   (i) To SAExploration Holdings, Inc.
       1160 Dairy Ashford Road, Suite 160, Houston, TX 77079
       Attn: Michael Faust, Chief Executive Officer.
       mfaust@saexploration.com
   (ii) With a courtesy copy (which does not constitute notice) to:
        E. James Cowen
        Porter Hedges LLP
        1000 Main St., 36th Floor, Houston, TX 77002
        jcowen@porterhedges.com
12. **Authority.** The Parties warrant that they or their undersigned representatives are legally competent and fully authorized to execute and deliver this Agreement. Abney additionally warrants that he has not heretofore assigned or transferred, or purported to have assigned or transferred, to any firm, entity, or person, any dispute released herein.

13. **Entire Agreement.** This Agreement, together with the Continued Obligations and Sections 10, 11, 13, 16, 17, 19, 20, 22, 23, and 24 of the Employment Agreement, embody the entire agreement between the Parties relating to the subject matter hereof, and may be amended or modified only by an instrument in writing executed jointly by the Parties. For the avoidance of doubt, nothing herein waives any rights Abney has with respect to (i) equity or stock in the Company that vested prior to the Resignation Date pursuant to the applicable governing agreements; (ii) any rights arising out of the A&R Letter Agreement; or (iii) any applicable indemnification rights or related agreements referenced in the A&R Letter Agreement. However, nothing in this Agreement impairs or limits the Board or Special Committee of the Board from finding that Abney is not entitled to further indemnification under applicable law.

14. **Neutral Reference.** If any potential employers contact the Company to inquire about Abney, the Company will provide only dates of employment and Abney’s last job title with the Company.

15. **Choice of Law.** This Agreement is made and shall be enforced pursuant to the laws of the State of Texas. It is the intent of the Parties that this Agreement may be disclosed to a court of law and that the terms of the Agreement are binding upon the Parties in a court of law.

16. **No Admission.** The Parties acknowledge that this Agreement is the result of a compromise and shall never be construed as, or said by either of them to be, an admission by the other of any liability, wrongdoing, or responsibility. The Parties expressly disclaim any such liability, wrongdoing, fault, or responsibility.

17. **Other Representations.** By executing this Agreement and as a condition precedent to any obligations or liabilities of the Parties, Abney expressly acknowledges, represents, and warrants that Abney (i) is not relying upon any statements, understandings, representations, expectations, or agreements other than those expressly set forth in this Agreement; (ii) was represented by legal counsel of his own choosing in connection with the negotiation of this Agreement; (iii) has made his own investigation of the facts, has had a full opportunity to review the terms of this Agreement, and has and is relying solely upon his own knowledge and the advice of his own legal counsel; (iv) has carefully read and understood all of the provisions of this Agreement; (v) knowingly waives any claim that this Agreement was induced by any misrepresentation, omission, or nondisclosure and any right to rescind or avoid this Agreement based upon presently existing facts, known or unknown; and (vi) he is the lawful owner of the claims released herein and has not assigned, transferred, sold, pledged, or in any manner whatsoever conveyed any right, title, interest, or claim in or to any claim released by this Agreement. Abney stipulates that the Company is relying upon these representations and warranties in entering into this Agreement. These representations and warranties shall survive the execution of this Agreement.
18. **Severability.** If any provision of this Agreement is held to be illegal, invalid or unenforceable under any present or future laws or public policies, such provisions shall be fully severable and shall in no way affect the validity or enforceability of this Agreement or any other provision herein.

19. **Waiver.** The provisions of this Agreement may only be waived with the prior written consent of the Company and Abney, and no course of conduct or failure or delay in enforcing the provisions of this Agreement shall be construed as a waiver of such provisions or affect the validity, binding effect, or enforceability of this Agreement or any provision herein.

20. **Agreement Jointly Drafted.** The Parties agree that this Agreement shall be construed as if the Parties jointly prepared this Agreement and that this Agreement shall not be construed against any Party on the ground that such Party drafted the Agreement.

21. **Voluntary Execution.** Abney further acknowledges that he has had sufficient time to consider this Agreement, that he was represented by counsel of his choosing in negotiating this Agreement, and that Abney is signing this Agreement knowingly and voluntarily for purposes of receiving additional, valuable compensation beyond what Abney would otherwise be entitled to.

[SIGNATURE PAGES FOLLOW]

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7
IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as follow:

/s/Ryan Abney
Ryan Abney
Date: 12/27/19

[Signature page to Separation Agreement]
SAExploration Holdings, Inc.

/s/ Michael J. Faust

Printed Name: Michael J. Faust
Title: Chief Executive Officer
Date: 12/27/19

[Signature page to Separation Agreement]
# SUBSIDIARIES OF SAEXPLORATION HOLDINGS, INC.

<table>
<thead>
<tr>
<th>Name</th>
<th>State or County of Organization</th>
</tr>
</thead>
<tbody>
<tr>
<td>SAExploration Sub, Inc.</td>
<td>Delaware</td>
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<tr>
<td>SAExploration, Inc.</td>
<td>Delaware</td>
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<tr>
<td>SAExploration Seismic Services (US), LLC</td>
<td>Delaware</td>
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<tr>
<td>NES, LLC</td>
<td>Alaska</td>
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<tr>
<td>Southeast Asian Exploration Pte., Ltd.</td>
<td>Singapore</td>
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<tr>
<td>SAExploration Papua New Guinea Ltd.</td>
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<td>Southeast Asian Exploration Pte Ltd. (PNG Branch) *</td>
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<td>Southeast Asian Exploration Pte Ltd. (NZ Branch) *</td>
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<td>SAExploration (Australia) Pty Ltd.</td>
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<td>SAE (Australia) Pty Ltd.</td>
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<td>SAExploration (Brasil) Servicos Sismicos Ltda.</td>
<td>Brazil</td>
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<tr>
<td>SAExploration Mexico S. de R.L. de C.V</td>
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<tr>
<td>SAExploration S.A.U. (Argentina)</td>
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<td>SAExploration (Cyprus) Limited</td>
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<td>1623739 Alberta Ltd.</td>
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<td>SAExploration (Canada) Ltd.</td>
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<td>Kalo Tue Exploration Ltd.</td>
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<td>1623753 Alberta Ltd.</td>
<td>Alberta, Canada</td>
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<td>SAExploration Ltd.</td>
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<td>SAExploration (Malaysia) Sdn. Bhd</td>
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<td>Geokinetics Singapore Pte., Ltd.</td>
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<td>Kuukpik/SAExploration, LLC 2</td>
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<td>Calgary Finance Company, Ltd.</td>
<td>Alberta, Canada</td>
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<td>Saexploration Seismic Services Limited 3</td>
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<td>SAExploration Global Holdings (UK) Ltd.</td>
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<tr>
<td>Servicios Sismicos de Bolivia S.R.L.</td>
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<tr>
<td>Global Finance Company Ltd.</td>
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<td>Nauhual Operadora de Servicios 4</td>
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<tr>
<td>SAExploration UK Ltd.</td>
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<td>SAExploration (Peru) S.R.L.</td>
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<tr>
<td>SAExploration (Egypt), LLC</td>
<td>Egypt</td>
</tr>
</tbody>
</table>

1 SAExploration (Canada) Ltd. owns 49%; Willowlake Environmental Ltd. owns 51%
2 SAExploration, Inc. owns 49%; Kuukpik Corporation owns 51%
3 SAExploration, Inc. owns 49%; Adcax Investments Ltd, Royal Properties Ltd. and Adekile Aderemi/Dore Rowland own 51%
4 Global Finance Company Ltd. owns 99%; Calgary Finance Company Ltd. owns 1%

* Unincorporated division treated as a branch office
Consent of Independent Registered Public Accounting Firm

We have issued our report dated April 13, 2020 with respect to the consolidated balance sheets as of December 31, 2019 and 2018, and the related consolidated statements of operations, comprehensive loss, changes in stockholders' deficit, and cash flows for each of the two years in the period ended December 31, 2019, included in the Annual Report of SAExploration Holdings, Inc. on Form 10-K for the year ended December 31, 2019. We hereby consent to the incorporation by reference of said report in the Registration Statements of SAExploration Holdings, Inc. on Forms S-8 (File Nos. 333-228819, 333-224136, 333-218496, 333-213756 and 333-214852).

/s/ Pannell Kerr Forster of Texas, P.C.

Houston, Texas
April 13, 2020
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 annual report on Form 10–K for the period ended December 31, 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;

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: April 13, 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

1. Kevin Hubbard, certify that:

1. I have reviewed this annual report on Form 10-K for the period ended December 31, 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;

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: April 13, 2020

/s/ Kevin Hubbard
Kevin Hubbard
Interim Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)
In connection with the annual report of SAExploration Holdings, Inc. (the “Company”) on Form 10-K for the period ended December 31, 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: April 13, 2020

/s/ Michael Faust
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 annual report of SAExploration Holdings, Inc. (the “Company”) on Form 10–K for the period ended December 31, 2019, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Kevin Hubbard, Interim Chief Financial Officer, 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: April 13, 2020

/s/ Kevin Hubbard
Kevin Hubbard
Interim Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)