

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

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the quarterly period ended  
**March 31, 2020**

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

Commission File Number **001-35471**

**SAExploration Holdings, Inc.**

(Exact name of registrant as specified in its charter)

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

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

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

(Address of principal executive offices)

(Zip Code)

**(281) 258-4400**

(Registrant's telephone number, including area code)

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

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

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

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

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

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

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

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

As of May 8, 2020, the registrant has 4,436,292 shares of common stock outstanding.

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

SAExploration Holdings, Inc.  
Condensed Consolidated Balance Sheets  
(In thousands)  
(Unaudited)

	March 31, 2020	December 31, 2019
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 8,543	\$ 5,441
Restricted cash	76	74
Accounts receivable, net	65,482	51,582
Deferred costs on contracts	4,387	14,966
Prepaid expenses and other current assets	6,423	5,324
Total current assets	84,911	77,387
Property and equipment, net of accumulated depreciation and amortization of \$91,899 and \$92,204, respectively	34,826	37,289
Multiclient seismic data library, net	570	2,719
Operating lease right-of-use assets	6,992	6,421
Goodwill	1,622	1,766
Intangible assets, net of accumulated amortization of \$1,354 and \$1,270, respectively	3,631	3,751
Tax credits receivable, net	2,708	12,104
Other assets	775	778
Total assets	<u>\$ 136,035</u>	<u>\$ 142,215</u>
<b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>		
Current liabilities:		
Accounts payable	\$ 30,090	\$ 30,966
Accrued liabilities	8,762	6,034
Income and other taxes payable	2,395	5,902
Operating lease liabilities	2,029	2,576
Current portion of long-term debt and finance leases	98,998	112,401
Deferred revenue	7,477	8,724
Total current liabilities	149,751	166,603
Long-term debt and finance leases	6,341	7,145
Other long-term liabilities	5,092	4,280
Commitments and contingencies		
Stockholders' deficit:		
Common stock	—	—
Additional paid-in capital	240,201	240,068
Accumulated deficit	(265,886)	(274,535)
Accumulated other comprehensive loss	(129)	(2,912)
Treasury stock	(2,232)	(2,232)
SAExploration stockholders' deficit	(28,046)	(39,611)
Noncontrolling interest	2,897	3,798
Total stockholders' deficit	(25,149)	(35,813)
Total liabilities and stockholders' deficit	<u>\$ 136,035</u>	<u>\$ 142,215</u>

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

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

	<b>Three Months Ended March 31,</b>	
	<b>2020</b>	<b>2019</b>
Revenue from services	\$ 125,385	\$ 93,055
Cost of services	89,259	70,125
Depreciation and amortization	5,133	2,862
Gross profit	30,993	20,068
Operating expenses:		
Selling, general and administrative expenses	12,149	9,287
Misappropriation of funds	—	152
Total operating expenses	12,149	9,439
Operating income	18,844	10,629
Other (expense) income, net:		
Interest expense, net	(3,708)	(3,497)
Foreign exchange (loss) gain, net	(5,454)	127
Other income, net	928	129
Total other expense, net	(8,234)	(3,241)
Income before income taxes	10,610	7,388
Income taxes	541	3,666
Net income	10,069	3,722
Less: net income attributable to noncontrolling interest	1,420	1,409
Net income attributable to SAExploration	<u>\$ 8,649</u>	<u>\$ 2,313</u>
Earnings per common share:		
Basic	<u>\$ 0.87</u>	<u>\$ 0.30</u>
Diluted	<u>\$ 0.50</u>	<u>\$ 0.21</u>
Weighted average common shares outstanding:		
Basic	<u>9,967</u>	<u>7,616</u>
Diluted	<u>20,421</u>	<u>18,056</u>

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

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

	<b>Three Months Ended March 31,</b>	
	<b>2020</b>	<b>2019</b>
Net income	\$ 10,069	\$ 3,722
Other comprehensive income (loss):		
Foreign currency translation adjustment	2,783	(43)
Comprehensive income	12,852	3,679
Less: comprehensive income attributable to noncontrolling interest	1,420	1,409
Comprehensive income attributable to SAExploration	<u>\$ 11,432</u>	<u>\$ 2,270</u>

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

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

	Common Stock	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Treasury Stock	Total SAExploration Stockholders' Deficit	Noncontrolling Interest	Total Stockholders' Deficit
Balances at December 31, 2019	\$ —	\$ 240,068	\$ (274,535)	\$ (2,912)	\$ (2,232)	\$ (39,611)	\$ 3,798	\$ (35,813)
Net income	—	—	8,649	—	—	8,649	1,420	10,069
Other comprehensive income	—	—	—	2,783	—	2,783	—	2,783
Equity-based compensation cost	—	133	—	—	—	133	—	133
Distributions to noncontrolling interest	—	—	—	—	—	—	(2,321)	(2,321)
Balances at March 31, 2020	<u>\$ —</u>	<u>\$ 240,201</u>	<u>\$ (265,886)</u>	<u>\$ (129)</u>	<u>\$ (2,232)</u>	<u>\$ (28,046)</u>	<u>\$ 2,897</u>	<u>\$ (25,149)</u>

	Common Stock	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Treasury Stock	Total SAExploration Stockholders' Deficit	Noncontrolling Interest	Total Stockholders' Deficit
Balances at December 31, 2018	\$ —	\$ 232,661	\$ (249,349)	\$ (3,035)	\$ (1,866)	\$ (21,589)	\$ 4,225	\$ (17,364)
Net income	—	—	2,313	—	—	2,313	1,409	3,722
Other comprehensive loss	—	—	—	(43)	—	(43)	—	(43)
Issuance of common stock	—	578	—	—	—	578	—	578
Equity-based compensation cost	—	800	—	—	—	800	—	800
Distributions to noncontrolling interest	—	—	—	—	—	—	(750)	(750)
Balances at March 31, 2019	<u>\$ —</u>	<u>\$ 234,039</u>	<u>\$ (247,036)</u>	<u>\$ (3,078)</u>	<u>\$ (1,866)</u>	<u>\$ (17,941)</u>	<u>\$ 4,884</u>	<u>\$ (13,057)</u>

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

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

	<b>Three Months Ended March 31,</b>	
	<b>2020</b>	<b>2019</b>
<b>Cash flows from operating activities:</b>		
Net income	\$ 10,069	\$ 3,722
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Tax credits returned to State of Alaska	9,396	—
Depreciation and amortization	5,305	3,032
Equity-based compensation cost	133	800
Provision for doubtful accounts	1,432	941
Gain on sale of property and equipment	(206)	(473)
Amortization of loan issuance costs and debt discounts	1,033	921
Unrealized loss (gain) on foreign currency transactions	5,254	(255)
Deferred taxes	—	2,024
Changes in operating assets and liabilities	(11,267)	(17,476)
<b>Net cash provided by (used in) operating activities</b>	<b>21,149</b>	<b>(6,764)</b>
<b>Cash flows from investing activities:</b>		
Purchases of property and equipment	(283)	(327)
Proceeds from sale of property and equipment	206	143
<b>Net cash used in investing activities</b>	<b>(77)</b>	<b>(184)</b>
<b>Cash flows from financing activities:</b>		
Long-term debt and finance lease repayments	(15,240)	(210)
Long-term debt borrowings	—	9,666
Proceeds from issuance of common stock	—	100
Distribution to noncontrolling interest	(2,321)	(750)
<b>Net cash (used in) provided by financing activities</b>	<b>(17,561)</b>	<b>8,806</b>
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(407)	31
Net change in cash, cash equivalents and restricted cash	3,104	1,889
Cash, cash equivalents and restricted cash at the beginning of year	5,515	7,850
Cash, cash equivalents and restricted cash at the end of period	<u>\$ 8,619</u>	<u>\$ 9,739</u>

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

**NOTE 1. GENERAL**

**Description of the 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, West Africa and the Middle East to customers in the oil and natural gas industry.

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

**Going Concern Uncertainty**

Our unaudited condensed consolidated financial statements included herein 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. Our unaudited condensed consolidated financial statements do not include any adjustments that might be necessary if we are unable to continue as a going concern.

Although we generated net income and cash flow from operations in the first quarter of 2020, we have reported recurring losses from operations and have not generated cash from operating activities for the six years ended December 31, 2019 and, as of March 31, 2020, we had a stockholders’ deficit of \$25.1 million. Our recurring losses and negative cash flows from operating activities on an annual basis, 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 significant decline in oil prices since the beginning of 2020 due to the COVID-19 coronavirus pandemic and its impact on the worldwide economy and global demand for oil and the inability of members of OPEC and other producing countries to adequately address the reduced demand. In April 2020, we had a contract cancelled by the operator presumably due to uncertainty on government restrictions on operations due to the COVID-19 coronavirus pandemic and 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 financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2019; (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 unaudited condensed consolidated financial statements included in this Quarterly Report on Form 10-Q 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.

**Basis of Presentation**

Our unaudited condensed consolidated financial statements included herein include our accounts and those of our subsidiaries that are wholly-owned, controlled by us or a VIE where we are the primary beneficiary, and have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC"). Accordingly, certain information and disclosures normally included in annual financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted. We believe that the presentations and disclosures herein are adequate to make the information not misleading. The unaudited condensed consolidated financial statements reflect all adjustments (consisting of normal recurring adjustments) for a fair presentation of the interim periods. The results of operations for the interim period are not necessarily indicative of the results of operations to be expected for the full year. These unaudited condensed consolidated financial statements should be read in conjunction with our audited consolidated financial statements and the notes thereto included in Item 8 of our Annual Report on Form 10-K for the year ended December 31, 2019.

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

**New Accounting Standards to be Adopted**

No new accounting pronouncements issued or effective during the three months ended March 31, 2020 have had or are expected to have a material impact on our unaudited condensed consolidated financial statements.

**NOTE 2. TAX CREDITS RECEIVABLE, NET**

In January 2020, we and Alaskan Seismic Ventures, LLC ("ASV") sold certain seismic data and related assets for a purchase price payable as follows: (i) \$15.0 million paid in cash on the closing date and (ii) earnout payments in an amount of up to \$5.0 million to be paid 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. As required by the terms of the sale, we notified the Alaska Department of Revenue (the "DOR") that we were withdrawing our application for \$9.4 million of tax credits, net relating to the seismic data sold. We and ASV also entered into an agreement that provides that we will receive all the proceeds paid or payable pursuant to the sale, which proceeds will be credited by us towards outstanding amounts owed to us by ASV.

Changes in the carrying value of our tax credits receivable, net are as follows for the three months ended March 31:

	<b>2020</b>	<b>2019</b>
Balance at beginning of year	\$ 12,104	\$ 13,198
Returned to State of Alaska	(9,396)	—
Balance at end of period	<u>\$ 2,708</u>	<u>\$ 13,198</u>

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 March 31, 2020 and December 31, 2019, the tax credits receivable are net of an allowance of \$27.7 million and \$53.0 million, respectively.

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

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

	March 31, 2020	December 31, 2019
Credit facility:		
Principal outstanding	\$ 20,500	\$ 35,000
Unamortized debt issuance costs	(172)	(205)
Carrying amount	<u>20,328</u>	<u>34,795</u>
Senior loan facility:		
Principal outstanding	29,000	29,000
Unamortized debt issuance costs	(929)	(1,232)
Carrying amount	<u>28,071</u>	<u>27,768</u>
6% senior secured convertible notes due 2023:		
Principal outstanding	60,000	60,000
Unamortized debt discount and debt issuance costs	(12,643)	(13,341)
Carrying amount	<u>47,357</u>	<u>46,659</u>
Note payable	9,472	9,974
Finance leases	<u>111</u>	<u>350</u>
Total debt	105,339	119,546
Current portion of long-term debt and finance leases	(98,998)	(112,401)
Total long-term debt and finance leases	<u>\$ 6,341</u>	<u>\$ 7,145</u>

We repaid \$14.5 million of the amounts outstanding under our credit facility with the net proceeds received from the sale of certain seismic data and related assets in January 2020 (see Note 2).

The credit agreements and indentures for our credit facility, senior loan facility and 6% Senior Secured Convertible Notes due 2023 (the "2023 Notes") contain certain representations, warranties, covenants and other terms and conditions which are customary for agreements of these types. As discussed in Note 1, the report of our independent registered public accounting firm on our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2019 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 unaudited condensed consolidated financial statements.

## NOTE 4. COMMITMENTS AND CONTINGENCIES

On August 18, 2019, a purported stockholder, John Bodin (the “Class Action Plaintiff”), filed a putative class action lawsuit against us and certain former executive officers named therein (the “Class Action Defendants”) in the U.S. District Court for the Southern District of Texas captioned John Bodin v. SAExploration Holdings, Inc., et al. Case No. 4:19-cv-03089. The Class Action Plaintiff seeks to represent a class of stockholders who purchased or otherwise acquired our publicly traded securities from March 15, 2016 through August 15, 2019 (the “Covered Period”). The complaint generally alleges that the Class Action Defendants violated Sections 10(b) and 20(a) of the Exchange Act and SEC Rule 10b-5 by making false and misleading statements in our periodic reports filed with the SEC during the Covered Period. The complaint requests damages, including interest, and an award of reasonable costs and expenses, including counsel and expert fees. The Class Action Plaintiff must file an amended complaint by May 18, 2020, and the Class Action Defendants must answer, move to dismiss, or otherwise respond to the amended complaint by July 17, 2020, with responsive briefing to be completed by November 9, 2020.

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. This matter is stayed pending the resolution of any motions to dismiss filed in John Bodin v. SAExploration Holdings, Inc., et al. Case No. 4:19-cv-03089 pending in the U.S. District Court for the Southern District of Texas.

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

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

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

## NOTE 5. STOCKHOLDERS' EQUITY

As of March 31, 2020, 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:

	2020	2019
<b>Shares issued:</b>		
Balance as of January 1	4,508	3,211
Issue of shares on exercises of warrants	136	710
Issue of shares as consideration for services	—	243
Issue of shares in private placement	—	30
Balance as of March 31	<u>4,644</u>	<u>4,194</u>
<b>Shares held as treasury stock:</b>		
Balance as of January 1	208	111
Purchase of treasury stock	—	1
Balance as of March 31	<u>208</u>	<u>112</u>
<b>Shares outstanding as of March 31</b>	<u><u>4,436</u></u>	<u><u>4,082</u></u>

In January 2020, we issued 0.4 million of our Series F warrants upon receipt of NASDAQ approval of the issuance.

In the three months ended March 31, 2020, 2.8 million Series C warrants and Series D warrants were exercised. As of March 31, 2020, we have 71.0 million warrants outstanding, which are potentially exercisable into 4.4 million shares of our common stock.

## NOTE 6. 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 three months ended March 31:

	2020	2019
Balance at beginning of year	\$ 14,966	\$ 3,746
Fulfillment costs incurred	6,883	4,386
Amortization of fulfillment costs	(17,462)	(2,750)
Balance at end of period	<u>\$ 4,387</u>	<u>\$ 5,382</u>

**Deferred Revenue**

Typically, our mobilization services are paid by the customer at the beginning of the contract while the revenue is recognized as control transfers to the customer, which can result in deferred revenue. Normally all other revenue is billed as work progresses, which generally will not result in significant deferred revenue except in those cases where a large mobilization is required for the contract. Changes in our deferred revenue are as follows for the three months ended March 31:

	2020	2019
Balance at beginning of year	\$ 8,724	\$ 4,357
Cash received, excluding amounts recognized as revenue from services	12,740	5,006
Amounts recognized as revenue from services	(13,987)	(7,495)
Balance at end of period	<u>\$ 7,477</u>	<u>\$ 1,868</u>

**Disaggregated Revenue**

The following table disaggregates our revenue by major source for the three months ended March 31:

	2020			2019		
	Land	Marine	Total	Land	Marine	
North America	\$ 91,148	\$ —	\$ 91,148	\$ 60,554	\$ —	\$ 60,554
South America	1,403	7,843	9,246	50	—	50
Asia Pacific	109	24,882	24,991	536	31,915	32,451
Total	<u>\$ 92,660</u>	<u>\$ 32,725</u>	<u>\$ 125,385</u>	<u>\$ 61,140</u>	<u>\$ 31,915</u>	<u>\$ 93,055</u>

**Remaining Performance Obligations**

As of March 31, 2020, we had \$109.7 million of remaining performance obligations. We expect to recognize revenue of approximately 30% of these performance obligations in 2020, approximately 35% in 2021 and the remaining approximately 35% in 2022.

**NOTE 7. EQUITY-BASED COMPENSATION**

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

In March 2020, we issued 0.1 million RSUs to our senior management, which will vest in September 2021. The fair value of the RSUs on the date of grant was \$0.2 million.

We recognized equity-based compensation costs of \$0.1 million and \$0.8 million in the three months ended March 31, 2020 and 2019, respectively. These costs are included in “Selling, general and administrative expenses” on our unaudited condensed consolidated statements of operations.

As of March 31, 2020, we had \$0.6 million of unrecognized equity-based compensation cost, which is expected to be recognized over a weighted average period of 1.01 years.

**NOTE 8. 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 lease 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

## Notes to Unaudited Condensed Consolidated Financial Statements (continued)

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. Differences between the estimated lease payment and actual payment are expensed as incurred. Lease expense for finance lease payments is recognized as amortization expense of the finance lease ROU asset and interest expense on the finance lease liability over the lease term.

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

	Classification on Unaudited Condensed Consolidated Balance Sheet	March 31, 2020	December 31, 2019
<b>Assets:</b>			
Operating lease right-of-use assets	Operating lease right-of-use assets	\$ 6,992	\$ 6,421
Finance lease assets	Property and equipment, net	101	324
Total lease assets		<u>\$ 7,093</u>	<u>\$ 6,745</u>
<b>Liabilities:</b>			
Current:			
Operating lease liabilities	Operating lease liabilities	\$ 2,029	\$ 2,576
Finance lease liabilities	Current portion of long-term debt and finance leases	111	350
Long-term - operating lease liabilities	Other long-term liabilities	5,092	3,980
Total lease liabilities		<u>\$ 7,232</u>	<u>\$ 6,906</u>

The components of lease expense on our unaudited condensed consolidated statement of operations are as follows for the three months ended March 31:

	2020	2019
Operating lease expense:		
Operating lease expense (1)	<u>\$ 1,237</u>	<u>\$ 1,340</u>
Finance lease expense:		
Amortization of leased assets	\$ 223	\$ 221
Interest on lease liabilities	9	38
Total finance lease expense	<u>\$ 232</u>	<u>\$ 259</u>
Total lease expense	<u>\$ 1,469</u>	<u>\$ 1,599</u>

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

As of March 31, 2020, our operating leases and finance leases have weighted average remaining lease terms of 4.2 years and 0.1 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 three months ended March 31:

	2020	2019
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 861	\$ 1,340
Operating cash flows from finance leases	9	38
Financing cash flows from finance leases	239	210
Operating lease right-of-use assets obtained in exchange for new operating lease liabilities	1,306	—

As of March 31, 2020, the maturities of the liabilities related to our operating leases and finance leases are as follows:

	Operating Leases	Finance Leases
Nine months ended December 31, 2020	\$ 2,499	\$ 112
2021	1,999	—
2022	1,685	—
2023	1,499	—
2024	1,077	—
Thereafter	807	—
Total minimum lease payments	9,566	112
Less interest	2,445	1
Present value of lease liabilities	7,121	111
Less current lease liabilities	2,029	111
Long-term lease liabilities	\$ 5,092	\$ —

#### NOTE 9. INCOME TAXES

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

Our effective tax rates were 5.1% and 49.6% for the three months ended March 31, 2020 and 2019, respectively. The changes in our effective tax rates and the primary reasons that these effective tax rates differ from the applicable federal statutory rates are the fluctuations in earnings among the various jurisdictions in which we operate, increases in valuation allowances and foreign tax rate differentials.

## NOTE 10. EARNINGS PER COMMON SHARE

The computation of basic and diluted earnings per common share is as follows for the three months ended March 31:

	2020	2019
Basic earnings per common share:		
Net income attributable to SAExploration	\$ 8,649	\$ 2,313
Weighted average common shares outstanding	9,967	7,616
Basic earnings per common share	\$ 0.87	\$ 0.30
Diluted earnings per common share:		
Net income attributable to SAExploration	\$ 8,649	\$ 2,313
Effect of dilutive securities	1,597	1,509
Net income attributable to SAExploration adjusted for effect of dilutive securities	\$ 10,246	\$ 3,822
Weighted average common shares outstanding	9,967	7,616
Effect of dilutive securities	10,454	10,440
Weighted average common shares outstanding, as adjusted	20,421	18,056
Diluted earnings per common share	\$ 0.50	\$ 0.21
Anti-dilutive securities excluded from diluted earnings per common share (1)	56	274

(1) Includes our Series A and Series B warrants and certain unvested equity-based compensation.

## NOTE 11. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

As of March 31, 2020, the estimated fair value and carrying value of our 2023 Notes was \$38.1 million and \$47.4 million, respectively. 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 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.

**NOTE 12. OTHER SUPPLEMENTAL INFORMATION**

**Cash, Cash Equivalents and Restricted Cash**

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

	<b>March 31, 2020</b>	<b>December 31, 2019</b>
Cash and cash equivalents	\$ 8,543	\$ 5,441
Restricted cash	76	74
<b>Total cash, cash equivalents and restricted cash</b>	<b>\$ 8,619</b>	<b>\$ 5,515</b>

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

**Accounts Receivable, net**

Total accounts receivable, net is comprised of the following:

	<b>March 31, 2020</b>	<b>December 31, 2019</b>
Trade receivables	\$ 64,838	\$ 50,447
Other receivables	3,989	3,199
<b>Total accounts receivable</b>	<b>68,827</b>	<b>53,646</b>
Less: allowance for doubtful accounts	(3,345)	(2,064)
<b>Total accounts receivable, net</b>	<b>\$ 65,482</b>	<b>\$ 51,582</b>

**Allowance for Doubtful Accounts**

Changes in the allowance for doubtful accounts are as follows for the three months ended March 31:

	<b>2020</b>	<b>2019</b>
Balance at beginning of year	\$ 2,064	\$ 548
Provisions for doubtful accounts	1,432	941
Cumulative translation adjustment	(151)	(188)
<b>Balance at end of period</b>	<b>\$ 3,345</b>	<b>\$ 1,301</b>

**Accrued Liabilities**

Accrued liabilities are comprised of the following:

	<b>March 31, 2020</b>	<b>December 31, 2019</b>
Accrued payroll liabilities	\$ 3,716	\$ 2,385
Accrued interest	216	181
Other accrued liabilities	4,830	3,468
<b>Total accrued liabilities</b>	<b>\$ 8,762</b>	<b>\$ 6,034</b>

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

**Supplemental Cash Flows Information**

Supplemental cash flows information is as follows for the three months ended March 31:

	2020	2019
Cash paid for interest	\$ 2,445	\$ 2,540
Cash paid for income taxes	585	(273)

**Noncash Transactions**

Supplemental noncash transactions are as follows as of March 31:

	2020	2019
Costs for additions to property and equipment in accounts payable	\$ 384	\$ 156
Proceeds from sale of property and equipment in accounts receivable	—	334
Accrual for stock issued for services	—	478

**NOTE 13. RELATED PARTY TRANSACTIONS**

As of March 31, 2020, Jeff 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.

Mr. Hastings has an ownership interest in Fairweather Science, LLC (“Fairweather Science”), a company that provides specialized environmental support services to clients in Alaska’s natural resource industry. In the three months ended March 31, 2020 and 2019, we recorded expenses of \$3 thousand and \$31 thousand, respectively, related to services provided by Fairweather Science.

Brent Whiteley, our former Chief Financial Officer and General Counsel, owns and/or controls RVI Consulting, Inc. No amounts were billed by RVI in the three months ended March 31, 2020. In the three months ended March 31, 2019, RVI billed us \$0.2 million 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 unaudited condensed consolidated statements of operations.

A member of our operations management team owns Inupiate Resources LLC which provides us with certain specialty personnel. In each of the three months ended March 31, 2020 and 2019, we incurred \$0.2 million in expenses associated with contract labor.

Three members of our operations management team own Inupiate Resources Leasing LLC which provides us with certain equipment. In January 2020, we purchased \$0.1 million of previously leased equipment from Inupiate Resources Leasing LLC, terminating the equipment leasing relationship. In the three months ended March 31, 2019, we incurred \$0.1 million in expenses associated with leased equipment.

A member of our operations management team owns Summit Air Resources which provided us with certain salvage services. In the three months ended March 31, 2020 and 2019, we incurred \$35 thousand and \$32 thousand, respectively, related to these services.

ASV is a VIE indirectly owned and/or controlled by Mr. Hastings and Mr. Whiteley.

As of April 30, 2020, three of the holders of the indebtedness outstanding under our credit facility, senior loan facility and 2023 Notes represent (together with their affiliates) approximately 90%, 72% and 90%, respectively, of the total principal amounts outstanding under such debt financing arrangements. These holders also collectively own 18% of the shares of our outstanding common stock, 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.

**NOTE 14. SUBSEQUENT EVENTS**

Due to the significant uncertainty in the outlook for oil and natural gas development as a result of the significant decline in oil prices since the beginning of 2020 due to the COVID-19 coronavirus pandemic and its impact on the worldwide economy and global demand for oil and the inability of members of OPEC and other producing countries to adequately address the reduced demand, 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 additional reductions of backlog and bids outstanding, which will impact our financial performance.

On March 27, 2020, the President of the United States signed into law the Coronavirus Aid, Relief, and Economic Security (“CARES”) Act. The CARES Act, among other things, includes the Paycheck Protection Program (the “PPP”), provisions relating to refundable payroll tax credits, deferment of the employer portion of social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to net interest deduction limitations, increased limitations on qualified charitable contributions, and technical corrections to tax depreciation methods for qualified improved property.

In April 2020, we began deferring the employer portion of social security payments. In May 2020, we received the proceeds from an unsecured loan in the amount of approximately \$6.8 million pursuant to the PPP. We are continuing to evaluate the other impacts that the CARES Act and other stimulus measures will have on our financial condition, results of operations, or liquidity.

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

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

*Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with our unaudited condensed consolidated financial statements and the related notes thereto, as well as our Annual Report on Form 10-K for the year ended December 31, 2019.*

### 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 March 31, 2020, we had approximately \$109.7 million of backlog under contract, in addition to approximately \$196.1 million of bids outstanding. Of the \$109.7 million of backlog under contract, we expect \$33.6 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 significant decline in oil prices since the beginning of 2020 due to the COVID-19 coronavirus pandemic and its impact on the worldwide economy and global demand for oil and the inability of member of OPEC and other producing countries to adequately address the reduced demand, 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 additional 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 income for the three months ended March 31, 2020 was \$10.1 million compared with \$3.7 million for the three months ended March 31, 2019. The significant factors in this change were an increase of \$10.9 million in gross profit and a decrease of \$3.1 million in income taxes offset by increases of \$2.9 million in selling, general and administrative (“SG&A”) expenses and \$5.0 million in other expenses, net.

Revenue from services in the three months ended March 31, 2020 increased \$32.3 million compared with the three months ended March 31, 2019. In North America, revenue from services increased \$30.6 million due to the sale by ASV and us of certain seismic data coupled with increases in the number and scope of projects performed in Alaska and Canada offset by a decrease in activity in the contiguous United States of America.

Revenue from services in South America increased \$9.2 million due to the completion of a marine job in Brazil and a small project in Colombia. Revenue from services in Asia Pacific decreased \$7.5 million primarily due to the completion of a marine job in Malaysia in the three months ended March 31, 2020 compared with the completion of a marine job in India in the three months ended March 31, 2019.

Gross profit for the three months ended March 31, 2020 increased \$10.9 million compared with the three months ended March 31, 2019. Gross profit as a percentage of revenues was 24.7% for the three months ended March 31, 2020 compared with 21.6% for the three months ended March 31, 2019. The positive impact on gross profit can be attributed to more favorable pricing when taking into account the fixed costs involved in our projects.

SG&A expenses for the three months ended March 31, 2020 increased \$2.9 million compared with the three months ended March 31, 2019. The increase was primarily attributable to increased legal and professional fees related to the SEC and internal investigations and our debt compliance issues.

As previously disclosed, our former Chief Financial Officer and General Counsel misappropriated \$0.2 million of funds in the three months ended March 31, 2019. For more information, see Note 13 contained herein.

Other expense, net for the three months ended March 31, 2020 increased \$5.0 million compared with the three months ended March 31, 2019 primarily due to a \$5.6 million increase in foreign currency losses primarily in Brazil, Canada and Colombia, partially offset by a \$0.8 million increase in other income, net.

Income taxes for the three months ended March 31, 2020 decreased \$3.1 million compared with the three months ended March 31, 2019 primarily due to fluctuations in earnings among the various jurisdictions in which we operate, offset by increases in valuation allowances and increases in foreign tax rate differentials.

## LIQUIDITY AND CAPITAL RESOURCES

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

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, of which we have spent \$0.3 million through March 31, 2020. 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 March 31, 2020, we had cash and cash equivalents and working capital of \$8.5 million and \$(64.8) million, respectively, compared with \$5.4 million and \$(89.2) million, respectively, as of December 31, 2019. The increase in working capital was primarily related to a decrease of \$13.4 million of current portion of long-term debt and finance leases and an increase of \$13.9 million in accounts receivable, net.

On March 27, 2020, the CARES Act was signed into law. The CARES Act, among other things, includes the Paycheck Protection Program (“the PPP”), provisions relating to refundable payroll tax credits, deferment of the employer portion of social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to net interest deduction limitations, increased limitations on qualified charitable contributions, and technical corrections to tax depreciation methods for qualified improved property. In April 2020, we began deferring the employer portion of social security payments. In May 2020, we received the proceeds from an unsecured loan in the amount of approximately \$6.8 million pursuant to the PPP. We are currently continuing to evaluate the other impacts that the CARES Act and other stimulus measures will have on our financial condition, results of operations, or liquidity.

Although we generated net income and cash from operating activities in the first quarter of 2020, we have reported recurring losses from operations and have not generated cash from operating activities for the six years ended December 31, 2019, and as of March 31, 2020, we had a stockholders’ deficit of \$25.1 million. Our recurring losses and negative cash flows from operating activities on an annual basis, 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 begin to occur again in the second quarter of 2020 and 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 significant decline in oil prices since the beginning of 2020 due to the COVID-19 coronavirus pandemic and its impact on the worldwide economy and global demand for oil and the inability of members of OPEC and other producing countries to adequately address the reduced demand. In April 2020, we had a contract cancelled by the operator presumably due to uncertainty on government restrictions on operations during the COVID-19 coronavirus pandemic and 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 our Annual Report on Form 10-K for the year ended December 31, 2019; (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 these unaudited condensed consolidated financial statements are issued.

As previously disclosed, certain events of default had occurred under our credit facility, senior loan facility and 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 a 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 March 31, 2020, we have \$119.0 million in aggregate principal amount of long-term debt (excluding finance leases) outstanding. For additional information about our long-term debt, please see “Part I. Financial Information – Item 1. Financial Statements” contained herein.

### Cash Flows

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

	<b>Three Months Ended March 31,</b>	
	<b>2020</b>	<b>2019</b>
Operating activities	\$ 21,149	\$ (6,764)
Investing activities	(77)	(184)
Financing activities	(17,561)	8,806

#### *Operating Activities*

Cash flows from operating activities provided \$21.1 million and used \$6.8 million in the three months ended March 31, 2020 and 2019, respectively. The significant factor in the change was our increased revenue from services.

#### *Investing Activities*

In each of the three months ended March 31, 2020 and 2019, cash flows used in investing activities consisted of \$0.3 million to maintain, expand and upgrade our seismic data acquisition capabilities, partially offset by \$0.2 million and \$0.1 million in the three months ended March 31, 2020 and 2019, respectively, from the sale of property and equipment.

#### *Financing Activities*

In the three months ended March 31, 2020, cash flows used in investing activities included \$15.2 million of long-term debt repayments and \$2.3 million in distributions to our noncontrolling interest. In the three months ended March 31, 2019, cash flows provided by financing activities consisted of \$9.7 million of long-term debt borrowings partially offset by \$0.8 million of distributions to our noncontrolling interest.

### FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). We have based our forward-looking statements on our current expectations and estimates of future events and trends, which affect or may affect our business and operations. Although we believe that these forward-looking statements are based upon reasonable assumptions, they are subject to several risks and uncertainties and are made in light of information currently available to us. Many important factors, in addition to the risk factors identified in the “Risk Factors” section included in Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2019 and Item 1A of this Quarterly Report on Form 10-Q, may have a material adverse effect on our results as indicated in the following forward-looking statements. You should read this Quarterly Report on Form 10-Q and the documents that we have filed as exhibits hereto completely and with the understanding that our actual results may be materially different from what we expect.

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

- 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 March 31, 2020;
- 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 SEC, the DOJ and 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 our 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.

These words “expect,” “anticipate,” “believe,” “estimate,” “intend,” “plan to,” “ought,” “could,” “will,” “should,” “likely,” “appear,” “project,” “forecast,” “outlook” or other similar words or phrases are intended to identify forward-looking statements. These statements discuss future expectations, contain projections of results of operations or of financial condition or state other “forward-looking” information. The forward-looking statements speak only as of the date they were made and, except as required by law, we undertake no obligation to update, amend or clarify any forward-looking statements because of new information, future events or other factors. All our forward-looking information involves risks and uncertainties that could cause actual results to differ materially from the results expected. Although it is not possible to identify all factors, these risks and uncertainties include the risk factors and the timing of any of the risk factors identified in the “Risk Factors” section included in Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2019.

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

##### **Overview**

Notwithstanding the existence of the material weaknesses described below, we believe that the unaudited condensed consolidated financial statements in this Quarterly Report on Form 10-Q 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.

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

In accordance with Exchange Act Rules 13a-15 and 15d-15, we carried out an evaluation under the supervision and with the participation of our management, including our principal executive officer and our principal financial officer, of the effectiveness of our disclosure controls and procedures as of the end of the period covered by this Quarterly Report on Form 10-Q. 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 March 31, 2020.

Disclosure controls and procedures means our controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our principal executive and principal financial officers, or persons performing similar functions, as appropriate, to allow timely decisions regarding required disclosure.

### **Material Weaknesses in Internal Control over Financial Reporting**

The control environment, which is the responsibility of senior management, helps set the tone of the organization, influences the control consciousness of its officers and employees, and is an important component affecting how the organization performs financial analysis, accounting and financial reporting. A proper organizational tone can be promoted through a variety of means, such as well-documented and communicated policies, a commitment to hiring competent employees, the manner and content of oral and written communications, strong internal controls and effective governance. Our former senior management, including our former principal executive officer and our former principal financial officer, did not design or maintain a proper control environment or proper tone at the senior management level. Beginning with the replacement of our former principal executive officer and our former principal financial officer in August 2019, we have taken the steps noted below in "Remediation Plan for Material Weaknesses in Internal Control Over Financial Reporting and Status" to address the tone at the senior management level and the material weaknesses described below that were previously identified in our Amendment No. 1 to Annual Report on Form 10-K/A for the year ended December 31, 2018 and that continue to exist as of March 31, 2020.

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

#### **Revenues**

We did not design or maintain effective controls over the review of revenue contracts for proper revenue recognition and accounts receivable reconciliations and the review of journal entries used to record revenue transactions.

#### **Complex accounting and management estimates**

We did not appropriately design or maintain effective controls over complex accounting relating to variable interest entities or over the review and approval of entering into transactions with newly formed entities, which resulted in certain instances of incorrect accounting and improper consolidation decisions. We also did not appropriately design or maintain effective controls over complex accounting relating to earning per share calculations and the accounting for income taxes. Although the issue relating to income taxes, which was an incorrect valuation allowance on deferred tax assets, arose and was subsequently corrected in fiscal year 2018, sufficient controls were not in place that would necessarily identify a recurrence of such an error.

#### **Financial statement close and reporting**

We did not design or maintain effective controls to support accurate reporting and disclosures within our quarterly and annual reporting.

#### **Customer and vendor set-up, approval and maintenance**

We did not design or maintain effective controls to ensure that necessary procedures regarding the establishment and maintenance of both customers and vendors were followed.

### ***Related Parties***

We did not properly disclose related parties in our consolidated financial statements and some of our officers and employees charged with making the proper notifications for such disclosures were inadequately trained on what constitutes a related party. Furthermore, there were instances where related parties were known to be related parties and were still not properly reported and disclosed.

### ***Segregation of Duties***

We did not properly design or maintain effective controls to prevent unauthorized access to approve certain transactions, including appropriate analysis of segregation of duties conflicts. As a result of this failure, high level employees had the ability to approve transactions, and vendor set up and payments without necessary approvals at the transaction level and oversight at the Board level.

### ***Information Technology***

We did not design or maintain effective controls to prevent unauthorized access to certain systems, programs and data, and provide for periodic review and monitoring of access including review of security logs and analysis of segregation of duties conflicts.

These material weaknesses resulted in the restatement of our audited consolidated financial statements as of and for the years ended December 31, 2018 and 2017 and the restatement of our unaudited condensed consolidated financial statements for the quarterly period ended March 31, 2019 and each of the quarterly periods in the years ended December 31, 2018 and 2017.

### **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. On May 1, 2020, we hired a permanent Chief Financial Officer who will assume the full responsibilities of the position upon the filing of this Quarterly Report on Form 10-Q with the SEC. Our new Chief Financial Officer has significant experience in internal controls and he, with the assistance of our third-party consulting firm, will oversee the remediation of the material weaknesses described above.

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

- assign process owners to ensure that controls are adequately evaluated and that the design of controls appropriately address risk related to critical functionality;
- strengthen controls around revenue recognition, including stricter reconciliation procedures and the engagement of a third-party consultant to assist in the review and analysis of complex contracts;
- improve complex and technical accounting capabilities within our accounting structure by (i) changing senior leadership including the engagement of an interim Chief Financial Officer in August 2019 with significant accounting knowledge and experience, (ii) initiating and completing a search to fill this role on a more permanent basis, (iii) hiring new accounting personnel as needed and (iv) supporting our accounting personnel 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.

We expect that our current Interim Chief Financial Officer will continue to assist us as a consultant to enhance our accounting knowledge and experience. We have commenced our analysis of our segregation of duties conflicts and expect to complete the analysis and incorporate the results into our 2020 internal control planning and remediation efforts. We have also updated and formalized our information technology policies, which will serve as the foundation for remediating the material weakness in the information technology area.

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

Except as described above in “Remediation Plan for Material Weaknesses in Internal Control Over Financial Reporting and Status,” there have not been any changes in our internal control over financial reporting during the three months ended March 31, 2020 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## PART II. OTHER INFORMATION

### ITEM 1. LEGAL PROCEEDINGS

Except as described in Note 4 in “Part 1. Financial Information – Item 1. Financial Statements” contained herein, there have been no material changes in the legal proceedings as described in the section entitled “Legal Proceedings” in our Annual Report on Form 10–K for the year ended December 31, 2019.

### ITEM 1A. RISK FACTORS

Except as set forth below, there have been no material changes in the significant risk factors that may affect our business, financial position, results of operations or liquidity as described in the section entitled “Risk Factors” in our Annual Report on Form 10–K for the year ended December 31, 2019.

#### ***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. In April 2020, we had a contract cancelled by the operator presumably due to uncertainty on government restrictions on operations during the COVID–19 coronavirus pandemic and 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 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 March 31, 2020, we had approximately \$109.7 million of backlog under contract, in addition to approximately \$196.1 million of bids outstanding. Of the \$109.7 million of backlog under contract, we expect \$33.6 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 (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 the significant uncertainty in the outlook for oil and gas development as a result of the significant decline in oil prices since the beginning of 2020 due to the COVID–19 coronavirus pandemic and its impact on the worldwide economy and global demand for oil and the inability of members of OPEC and other producing countries to adequately address the reduced demand, 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 additional reductions of backlog and bids outstanding.

***We are currently not in compliance with the NASDAQ Capital Market listing standards. If our common stock is delisted, we could be required, at the option of the holders of our 2023 Notes, to repurchase all or a portion of their notes, which could have a material adverse effect on our business, financial condition and results of operations.***

On April 29, 2020, we received written notice from the Listings Qualification Department of the NASDAQ Stock Market that its staff had determined to suspend trading in our common stock at the opening of business on May 8, 2020 and file a Form 25-NSE with the SEC to commence proceedings to delist our common stock from the NASDAQ Capital Market. The NASDAQ Stock Market reached its decision to delist our common stock from the NASDAQ Capital Market pursuant to Listing Rule 5550(b)(1) because we had not complied with the minimum \$2.5 million stockholders' equity requirement for continued listing on the NASDAQ Capital Market. As previously disclosed, on February 11, 2020, we received written notice from the NASDAQ Stock Market indicating that we were not in compliance with Listing Rule 5550(b)(1). We had previously submitted a plan to regain compliance with the NASDAQ minimum stockholders' equity requirement.

We have appealed the NASDAQ staff's determination to a hearings panel pursuant to the procedures set forth in the NASDAQ Listing 5800 Series. The hearing is currently scheduled for June 4, 2020. The appeal has stayed the suspension of trading in our common stock and our common stock will continue to be listed on the NASDAQ Capital Market and will continue to trade under the symbol "SAEX" pending a decision by the hearings panel. We had previously applied for our common stock to be traded on the Over-the-Counter OTCQB Venture Market but the application was not approved due to the existence of the previously disclosed investigations by the SEC, the DOJ and DOR. We cannot assure you that the hearings panel will grant our request for continued listing.

If our common stock was to be delisted from NASDAQ and was not otherwise listed or traded on another qualifying exchange 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 would likely 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 is delisted from the NASDAQ, as a result of our not being in compliance with its listing standards, the market price and liquidity of our common stock and our ability to raise additional capital would be adversely impacted.***

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 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 3. DEFAULTS UPON SENIOR SECURITIES

As previously disclosed, certain events of default had occurred under our credit facility, senior loan facility and 2023 Notes. In April 2020, we 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 at least 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”).

Pursuant to the Forbearance Agreements, the Forbearing Parties have agreed to refrain from exercising their rights and remedies under the Debt Instruments and applicable law with respect to the 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.

### ITEM 5. OTHER INFORMATION

#### PPP Loan

On May 8, 2020, we received the proceeds from an unsecured loan in the amount of approximately \$6.8 million (the “PPP Loan”) from Texas Champions Bank, as lender, pursuant to the PPP of the CARES Act. The PPP Loan matures on May 8, 2022 and bears interest at a rate of 1.0% per annum. Principal and interest are payable monthly beginning seven months from the date of the PPP Loan and may be prepaid at any time prior to maturity with no prepayment penalties. The PPP Loan is evidenced by a promissory note dated May 8, 2020 (the “Note”), which contains customary events of default relating to, among other things, payment defaults and breaches of representations and warranties.

Under the term of the CARES Act, PPP loan recipients can apply for and be granted forgiveness for all or a portion of the loan. Such forgiveness will be determined, subject to limitations, based on the use of loan proceeds for payment of payroll costs and any covered payments of mortgage interest, rent, and utilities. In the event the loan, or any portion thereof, is forgiven pursuant to the PPP, the amount forgiven is applied to outstanding principal. We intend to use the proceeds of the PPP Loan to maintain payroll and make lease, rent and utility payments; however, there is no assurance that the PPP Loan will be forgiven, in whole or in part.

The foregoing description of the PPP Loan is not complete and is qualified in its entirety by reference to the complete text of the Note, a copy of which is filed as Exhibit 10.16 to this Quarterly Report on Form 10-Q and incorporated herein by reference.

In connection with the PPP Loan, we received the consents of the lenders under the Debt Instruments (the “Consents”) to the entry into the PPP Loan, subject to certain limitations.

The foregoing description of the Consents is not complete and is qualified in its entirety by reference to the complete text of the Consents, copies of which are filed as Exhibits 10.17, 10.18 and 10.19 to this Quarterly Report on Form 10-Q and incorporated herein by reference.

## NASDAQ Listing

On April 29, 2020, we received written notice from the Listings Qualification Department of the NASDAQ Stock Market that its staff had determined to suspend trading in our common stock at the opening of business on May 8, 2020 and file a Form 25-NSE with the SEC to commence proceedings to delist our common stock from the NASDAQ Capital Market. The NASDAQ Stock Market reached its decision to delist our common stock from the NASDAQ Capital Market pursuant to Listing Rule 5550(b)(1) because we had not complied with the minimum \$2.5 million stockholders' equity requirement for continued listing on the NASDAQ Capital Market. As previously disclosed, on February 11, 2020, we received written notice from the NASDAQ Stock Market indicating that we were not in compliance with Listing Rule 5550(b)(1). We had also previously submitted a plan to regain compliance with the NASDAQ minimum stockholders' equity requirement.

We have appealed the NASDAQ staff's determination to a hearings panel pursuant to the procedures set forth in the NASDAQ Listing 5800 Series. The hearing is currently scheduled for June 4, 2020. The appeal has stayed the suspension of trading in our common stock and our common stock will continue to be listed on the NASDAQ Capital Market and will continue to trade under the symbol "SAEX" pending a decision by the hearings panel. We had previously submitted an application for our common stock to be listed on the Over-the-Counter OTCQB Venture Market but the application was not approved due to the existence of the previously disclosed investigations by the SEC, the DOJ and DOR. There can be no assurance that the hearings panel will grant our request for continued listing.

## ITEM 6. EXHIBITS

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

- 3.1 [Third Amended and Restated Certificate of Incorporation \(incorporated by reference from Exhibit 3.1 to SAExploration Holdings, Inc.'s Current Report on Form 8-K/A filed with the SEC on September 9, 2016\)](#)
- 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. \(incorporated by reference from Exhibit 3.2 to SAExploration Holdings, Inc.'s Current Report on Form 8-K filed with the SEC on September 19, 2018\)](#)
- 3.5 [Fourth Certificate of Amendment to Third Amended and Restated Certificate of Incorporation of SAExploration Holdings, Inc. \(incorporated by reference from Exhibit 3.1 to SAExploration Holdings, Inc.'s Current Report on Form 8-K filed with the SEC on November 29, 2018\)](#)
- 3.6 [Second Amended and Restated By-Laws \(incorporated by reference from Exhibit 3.2 to SAExploration Holdings, Inc.'s Current Report on Form 8-K filed with the SEC on August 1, 2016\)](#)
- 3.7 [Amendment No. 1 to Second Amended and Restated By-Laws \(incorporated by reference from Exhibit 3.2 to SAExploration Holdings, Inc.'s Current Report on Form 8-K filed with the SEC on March 8, 2018\)](#)
- 4.1 [Second Supplemental Indenture, dated as of January 10, 2020 among SAExploration Holdings, Inc. the guarantors party thereto, Wilmington Savings Fund, FSB, as trustee and collateral trustee, and the holders party thereto \(incorporated by reference from Exhibit 10.6 to SAExploration Holdings, Inc.'s Current Report on Form 8-K filed with the SEC on January 13, 2020\)](#)
- 4.2 [Warrant Agreement Amendment, dated as of January 13, 2020 between SAExploration Holdings, Inc. and Continental Stock Transfer & Trust Company \(incorporated by reference from Exhibit 10.7 to SAExploration Holdings, Inc.'s Current Report on Form 8-K filed with the SEC on January 13, 2020\)](#)
- 4.3 [Third Supplemental Indenture, dated as of February 7, 2020 among SAExploration Holdings, Inc., the guarantors party thereto, Wilmington Savings Fund Society, FSB, as trustee and collateral trustee, and the holders party thereto \(incorporated by reference from Exhibit 10.30 to SAExploration Holdings, Inc.'s Quarterly Report on Form 10-Q filed with the SEC on February 7, 2020\)](#)

- [10.1](#) [Amendment No. 6 to Third Amended and Restated Credit and Security Agreement, dated as of January 10, 2020 among SAEExploration, Inc., SAEExploration Holdings, Inc., the other loan parties party thereto and the lenders party thereto \(incorporated by reference from Exhibit 10.4 to SAEExploration Holdings, Inc.'s Current Report on Form 8-K filed with the SEC on January 13, 2020\).](#)
- [10.2](#) [Amendment No. 7 to Third Amended and Restated Credit and Security Agreement and Waiver, dated as of February 7, 2020 among SAEExploration, Inc., SAEExploration Holdings, Inc., the other loan parties party thereto and the lenders party thereto \(incorporated by reference from Exhibit 10.28 to SAEExploration Holdings, Inc.'s Quarterly Report on Form 10-Q filed with the SEC on February 7, 2020\).](#)
- [10.3](#) [Consent Letter dated February 20, 2020, with respect to the Third Amended and Restated Credit and Security Agreement \(incorporated by reference from Exhibit 10.10 to SAEExploration Holdings, Inc.'s Annual Report on Form 10-K filed with the SEC on April 14, 2020\).](#)
- [10.4](#) [Consent Letter dated March 18, 2020, with respect to the Third Amended and Restated Credit and Security Agreement \(incorporated by reference from Exhibit 10.11 to SAEExploration Holdings, Inc.'s Annual Report on Form 10-K filed with the SEC on April 14, 2020\).](#)
- [10.5](#) [Forbearance Agreement, dated as of April 13, 2020, among SAEExploration, Inc., SAEExploration Holdings, Inc., the other loan parties thereto and the lenders party thereto \(incorporated by reference from Exhibit 10.14 to SAEExploration Holdings, Inc.'s Annual Report on Form 10-K filed with the SEC on April 14, 2020\).](#)
- [10.6](#) [Amendment No. 10 to the Term Loan and Security Agreement, dated as of January 10, 2020 among SAEExploration Holdings, Inc., the other loan parties party thereto and the lenders party thereto \(incorporated by reference from Exhibit 10.5 to SAEExploration Holdings, Inc.'s Current Report on Form 8-K filed with the SEC on January 13, 2020\).](#)
- [10.7](#) [Amendment No. 11 to the Term Loan and Security Agreement and Waiver, dated as of February 7, 2020 among SAEExploration Holdings, Inc., the other loan parties party thereto and the lenders party thereto \(incorporated by reference from Exhibit 10.29 to SAEExploration Holdings, Inc.'s Quarterly Report on Form 10-Q filed with the SEC on February 7, 2020\).](#)
- [10.8](#) [Forbearance Agreement, dated as of April 13, 2020, among SAEExploration, Inc., SAEExploration Holdings, Inc., the other loan parties thereto and the lenders party thereto \(incorporated by reference from Exhibit 10.31 to SAEExploration Holdings, Inc.'s Annual Report on Form 10-K filed with the SEC on April 14, 2020\).](#)
- [10.9](#) [Forbearance Agreement, dated as of April 13, 2020, among SAEExploration Holdings, Inc. and the holders party thereto \(incorporated by reference from Exhibit 10.38 to SAEExploration Holdings, Inc.'s Annual Report on Form 10-K filed with the SEC on April 14, 2020\).](#)
- [10.10](#) [Asset Purchase Agreement for the Aklaq and Kuukpik Surveys, dated as of January 10, 2020 among SAEExploration, Inc., ALASKAN Seismic Ventures, LLC. and TGS-NOPEC Geophysical Company ASA \(incorporated by reference from Exhibit 10.1 to SAEExploration Holdings, Inc.'s Current Report on Form 8-K filed with the SEC on January 13, 2020\).](#)
- [10.11](#) [Asset Purchase Agreement for the CRD Surveys, dated as of January 10, 2020 among SAEExploration, Inc. and TGS-NOPEC Geophysical Company ASA \(incorporated by reference from Exhibit 10.2 to SAEExploration Holdings, Inc.'s Current Report on Form 8-K filed with the SEC on January 13, 2020\).](#)
- [10.12](#) [Sellers Side Letter Agreement, dated as of January 10, 2020, between SAE Exploration, Inc. and ALASKAN Seismic Ventures, LLC \(incorporated by reference from Exhibit 10.3 to SAEExploration Holdings, Inc.'s Current Report on Form 8-K filed with the SEC on January 13, 2020\).](#)
- [10.13+](#) [First Amendment to Executive Employment Agreement, dated February 27, 2020, between Michael Faust and SAEExploration Holdings, Inc. \(incorporated by reference from Exhibit 10.2 to SAEExploration Holdings, Inc.'s Current Report on Form 8-K filed with the SEC on March 2, 2020\).](#)
- [10.14+](#) [Amended and Restated Executive Employment Agreement, dated April 1, 2020, between Michael Faust and SAEExploration Holdings, Inc. \(incorporated by reference from Exhibit 10.1 to SAEExploration Holdings, Inc.'s Current Report on Form 8-K filed with the SEC on April 3, 2020\).](#)

- [10.15](#)<sup>+</sup> [Executive Employment Agreement, dated May 1, 2020, between John Simmons and SAExploration Holdings, Inc. \(incorporated by reference from Exhibit 10.1 to SAExploration Holdings, Inc.'s Current Report on Form 8-K filed with the SEC on May 1, 2020\)](#)
- [10.16](#)<sup>\*</sup> [U.S. Small Business Administration Unsecured Note dated as of May 8, 2020, by SAExploration, Inc. in favor of Texas Champions Bank, as lender](#)
- [10.17](#)<sup>\*</sup> [Consent Letter dated May 7, 2020, with respect to the Third Amended and Restated Credit and Security Agreement dated as of September 26, 2018](#)
- [10.18](#)<sup>\*</sup> [Consent Letter dated May 7, 2020, with respect to the Term Loan and Security Agreement, dated as of June 29, 2016](#)
- [10.19](#)<sup>\*</sup> [Consent Letter dated May 7, 2020, with respect to the Senior Secured Convertible Notes Indenture dated as of September 26, 2018](#)
- [31.1](#)<sup>\*</sup> [Rule 13a-14\(a\) Certification of Chief Executive Officer](#)
- [31.2](#)<sup>\*</sup> [Rule 13a-14\(a\) Certification of Chief Financial Officer](#)
- [32.1](#)<sup>\*\*</sup> [Section 1350 Certification of Chief Executive Officer](#)
- [32.2](#)<sup>\*\*</sup> [Section 1350 Certification of Chief Financial Officer](#)
- 101<sup>\*</sup> Interactive Data Files

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\* Filed herewith

\*\* Furnished herewith

+ Management contract or compensatory plan or arrangement

**SIGNATURES**

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

**SAExploration Holdings, Inc.**

By: /s/ Michael Faust  
Michael Faust  
Chief Executive Officer and President  
(Duly Authorized Officer and Principal Executive Officer)

By: /s/ Kevin Hubbard  
Kevin Hubbard  
Interim Chief Financial Officer  
(Duly Authorized Officer and Principal Financial Officer)

Date: May 12, 2020



U.S. Small Business Administration

## Unsecured NOTE "Note"

SBA Loan #	94124672-07
SBA Loan Name	N/A
Date	May 8, 2020
Loan Amount	\$6,801,372.00
Interest Rate	1.00%
Borrower	SAExploration, Inc.
Operating Company	N/A
Lender	TEXAS CHAMPION BANK 6124 S. Staples, Corpus Christi, Texas 78413

## 1. PROMISE TO PAY:

In return for the Loan, Borrower promises to pay to the order of Lender the amount of **Six Million Eight Hundred One Thousand Three Hundred Seventy-Two** Dollars, interest on the unpaid principal balance, and all other amounts required by this Note.

## 2. DEFINITIONS:

"Collateral" means any property taken as security for payment of this Note on any guarantee of the Note.

"Guarantor" means each person or entity that signs a guarantee of payment of this Note.

"Loan" means the loan evidenced by this Note.

"Loan Documents" means the documents related to this loan signed by Borrower and/or Guarantor.

"SBA" means the Small Business Administration, an Agency of the United States of America.

"Unsecured" means this note is unsecured. All References to Collateral shall not be applicable to this loan.

SBA Form 147 (06/03/02) Version 4.1
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### 3. PAYMENT TERMS:

Borrower must make all payments at the place Lender designates. The payment terms for this Note are:

Borrower must make all payments at the place Lender designates. The payment terms for this note are:

The interest rate is 1% per year.

Borrower must pay principal and interest payments of \$382,764.21 every month beginning seven (7) months from the date of the note. Payments must be made on the 8th calendar day in the month they are due.

Loan Prepayment:

Notwithstanding any provision of this Note to the Contrary, Borrower may prepay this Note at any time without penalty.

All remaining principal and accrued interest is due and payable 2 years from the date of the Note.

Late Charge: If a payment of this Note is more than 10 days late, Lender may charge Borrower a late fee of up to 5% of the unpaid portion of the regularly scheduled payment.

### 4. DEFAULT:

Borrower is in default under this Note if Borrower does not make a payment when due under this Note, or if Borrower or Operating Company:

- A. Fails to do anything required by this Note and other Loan Documents;
- B. Defaults on any other loan with Lender;
- C. Does not preserve, or account to Lender's satisfaction for, any of the Collateral or its proceeds;
- D. Does not disclose, or anyone acting on their behalf does not disclose, any material fact to Lender or SBA;
- E. Makes, or anyone acting on their behalf makes, a materially false or misleading representation to Lender or SBA;
- F. Defaults on any loan or agreement with another creditor, if Lender believes the default may materially affect Borrower's ability to pay this Note;
- G. Fails to pay any taxes when due;
- H. Becomes the subject of a proceeding under any bankruptcy or insolvency law;
- I. Has a receiver or liquidator appointed for any part of their business or property;
- J. Makes an assignment for the benefit of creditors;
- K. Has any adverse change in financial condition or business operation that Lender believes may materially affect Borrower's ability to pay this Note;
- L. Reorganizes, merges, consolidates, or otherwise changes ownership or business structure without Lender's prior written consent; or
- M. Becomes the subject of a civil or criminal action that Lender believes may materially affect Borrower's ability to pay this Note.

5. LENDER 'S RIGHTS IF THERE IS A DEFAULT:

Without notice or demand and without giving up any of its rights, Lender may:

- A. Require immediate payment of all amounts owing under this Note;
- B. Collect all amounts owing from any Borrower or Guarantor;
- C. File suit and obtain judgment;
- D. Take possession of any Collateral; or
- E. Sell, lease, or otherwise dispose of, any Collateral at public or private sale, with or without advertisement.

6. LENDER 'S GENERAL POWERS:

Without notice and without Borrower 's consent, Lender may:

- A. Bid on or buy the Collateral at its sale or the sale of another lienholder, at any price it chooses;
- B. Incur expenses to collect amounts due under this Note, enforce the terms of this Note or any other Loan Document, and preserve or dispose of the Collateral. Among other things, the expenses may include payments for property taxes, prior liens, insurance, appraisals, environmental remediation costs, and reasonable attorney 's fees and costs. If Lender incurs such expenses, it may demand immediate repayment from Borrower or add the expenses to the principal balance;
- C. Release anyone obligated to pay this Note;
- D. Compromise, release, renew, extend or substitute any of the Collateral; and
- E. Take any action necessary to protect the Collateral or collect amounts owing on this Note.

7. WHEN FEDERAL LAW APPLIES:

When SBA is the holder, this Note will be interpreted and enforced under federal law, including SBA regulations. Lender or SBA may use state or local procedures for filing papers, recording documents, giving notice, foreclosing liens, and other purposes. By using such procedures, SBA does not waive any federal immunity from state or local control, penalty, tax, or liability. As to this Note, Borrower may not claim or assert against SBA any local or state law to deny any obligation, defeat any claim of SBA, or preempt federal law.

8. SUCCESSORS AND ASSIGNS:

Under this Note, Borrower and Operating Company include the successors of each, and Lender includes its successors and assigns.

9. GENERAL PROVISIONS:

- A. All individuals and entities signing this Note are jointly and severally liable.
- B. Borrower waives all suretyship defenses.
- C. Borrower must sign all documents necessary at any time to comply with the Loan Documents.
- D. Lender may exercise any of its rights separately or together, as many times and in any order it chooses. Lender may delay or forgo enforcing any of its rights without giving up any of them.
- E. Borrower may not use an oral statement of Lender or SBA to contradict or alter the written terms of this Note.
- F. If any part of this Note is unenforceable, all other parts remain in effect.
- G. To the extent allowed by law, Borrower waives all demands and notices in connection with this Note, including presentment, demand, protest, and notice of dishonor. Borrower also waives any defenses based upon any claim that Lender did not obtain any guarantee; did not obtain, perfect, or maintain a lien upon Collateral; impaired Collateral; or did not obtain the fair market value of Collateral at a sale.

10. ADDITIONAL PROVISIONS:

This loan was made under a United States Small Business Administration (SBA) nationwide program which uses tax dollars to assist small business owners.

Payment Protection Program: Loan Forgiveness. This loan has been made under the Small Business Administration Paycheck Protection Program (PPP). Up to the full amount of principal and accrued interest may qualify for forgiveness under the PPP. Any loan forgiveness is subject to the terms and any limitations under the PPP and will be granted at the sole discretion of the Small Business Administration. Lender's right to enforce any default remedies including changes in interest rate are subject to the terms of the PPP.

Dishonored Item Fee: Borrower will pay a fee to Lender of \$30.00 if Borrower makes a payment on Borrower's loan and the check or preauthorized charge with which Borrower pays is later dishonored.

Governing Law: This note will be governed by federal law applicable to Lender and, to the extent not preempted by federal laws, the laws of the State of Texas without regard to its conflicts of law provisions. This Note has been accepted by Lender in the State of Texas.

Agreement to Use Electronic Documents. The Lender and Borrower(s) hereby (i) agree that for all purposes, including, without limitation, in connection with any workout, restructuring, enforcement of remedies, bankruptcy proceeds or litigation, electronic images (facsimile or PDF) of these documents signed by any party to this loan transaction shall have the same legal effect, validity, and enforceability as any paper original and (ii) waive any argument, defense, or right to contest the validity or enforceability of these documents based solely on the lack of paper original copies, including with respect to any signatory pages thereto.

Borrower acknowledges receipt of a completed copy of this Note.

11. BORROWER 'S NAME(S) AND SIGNATURE(S):

By signing below, each individual or entity becomes obligated under this Note as Borrower.

SAExploration, Inc.

/s/Kevin Hubbard

Kevin Hubbard, Interim Chief Financial Officer

May 8, 2020

May 7, 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:

- (i) 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"), SAExploration Holdings, Inc. (the "Parent"), the other 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 "Credit Agreement"), and
- (ii) that certain Forbearance Agreement dated April 13, 2020, among the Borrower, the Parent, the other Guarantors, and the Lenders party thereto (the "Forbearance Agreement").

This consent letter (this "Consent") relates to the Credit Agreement. Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to them in the Credit Agreement. All references to sections in this Consent shall be to sections of the Credit Agreement unless otherwise indicated.

The Borrower has informed the Administrative Agent that the Borrower has applied for an unsecured loan under the Small Business Administration Paycheck Protection Program (as part of the CARES Act (hereinafter defined)) in a principal amount not to exceed \$10.0 million (the "PPP Loan"). The restrictions in Section 7.1 of the Credit Agreement and in the Forbearance Agreement do not currently allow the Borrower or the other Loan Parties to incur the PPP Loan.

The Borrower has requested that the Required Lenders consent to the PPP Loan, and the Lenders signatory hereto which constitute Required Lenders do hereby consent to the incurrence of unsecured Indebtedness under the PPP Loan, notwithstanding anything in Section 7.1 or in the Forbearance Agreement to the contrary; provided that, (i) at all times when the PPP Loan is outstanding, each Loan Party will maintain its eligibility for such PPP Loan and take all actions necessary to stay in compliance with the requirements applicable to such PPP Loan under The Coronavirus Aid, Relief, and Economic Security Act, Public Law No: 116-136 (as amended, modified, or supplemented, the "CARES Act"), (ii) each Loan Party shall take all action necessary to cause the maximum portion of the PPP Loan which is eligible to be forgiven in accordance with the CARES Act, (iii) the maturity date for the PPP Loan shall not occur prior to the Maturity Date under the Credit Agreement and (iv) the loan documents evidencing the PPP Loan ("PPP Loan Documents") shall not be amended in a manner adverse to the interests of the Lenders including without limitation by securing the PPP Loan with collateral. The parties hereto agree that any default under or breach of the PPP Loan Documents shall constitute an Event of Default under the Credit Agreement. For the avoidance of doubt, upon its incurrence the PPP Loan will constitute Indebtedness for all purposes under the Credit Agreement and the other Loan Documents until such time as the obligation to repay the PPP Loan is forgiven and/or paid (as applicable) in accordance with its terms

Each of the Borrower, the Parent and the Guarantors hereby expressly (a) acknowledges the terms of this Consent, and (b) ratifies and affirms its obligations under, and acknowledges, renews and extends its continued liability under, each Loan Document to which it is a party and agrees that each Loan Document to which it is a party remains in full force and effect, except as expressly set forth herein.

The foregoing consent is hereby granted to the extent and only to the extent specifically stated herein and for no other purpose and shall not be deemed to (a) be a consent or agreement to, or waiver or modification of, any other term or condition of the Credit Agreement, the Forbearance Agreement or any other Loan Document or any of the documents referred to therein, (b) except as expressly set forth herein, impair or prejudice any right or rights which the Administrative Agent or the Lenders may now have or may have in the future under or in connection with the Credit Agreement, the Forbearance Agreement or any other Loan Document or any of the documents referred to therein, or (c) constitute any course of dealing or other basis for altering any obligation of the Borrower, the Parent or the other Guarantors or any right, privilege or remedy of the Administrative Agent or the Lenders under the Credit Agreement, the Forbearance Agreement, the other Loan Documents, or any other contract or instrument. Granting the consent set forth herein does not and should not be construed to be an assurance or promise that any consent or waiver will be granted in the future.

This Consent (including, but not limited to, the validity and enforceability hereof) shall be governed by, and construed in accordance with, the laws of the State of New York.

This Consent is a "Loan Document" as defined and described in the Credit Agreement and all of the terms and provisions of the Credit Agreement relating to Loan Documents shall apply hereto.

This Consent may be executed by one or more of the parties hereto in any number of separate counterparts, and all of such counterparts taken together shall be deemed to constitute one and the same instrument. Delivery of this Consent by facsimile or email transmission shall be effective as delivery of a manually executed counterpart hereof.

This Consent, the Credit Agreement, the Forbearance Agreement and the other Loan Documents represent the final agreement between the parties with respect to the subject matter hereof and thereof and may not be contradicted by evidence of prior, contemporaneous, or unwritten oral agreements of the parties. There are no subsequent oral agreements among the parties with respect to the subject matter hereof.

If the foregoing correctly states your understanding with respect to the matters stated in this Consent, please acknowledge by signing in the space provided below. The undersigned Lenders party hereto have caused this Consent to be executed and delivered as of the date first above written.

[Signature Pages Follow]

**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

**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

**LENDER:**

**JOHN PECORA**

By: /s/ John Pecora

Accepted and Agreed to as of the date first written above by:

**BORROWER:**

**SAEXPLORATION, INC.**

By: /s/ Michael J. Faust

Name: Michael J. Faust

Title: Chief Executive Officer and President

**GUARANTORS:**

**SAEXPLORATION HOLDINGS, INC.**

**SAEXPLORATION SUB, INC.**

**NES, LLC**

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

By: /s/ Michael J. Faust

Name: Michael J. Faust

Title: Chief Executive Officer and President of  
each of the foregoing companies

May 7, 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:

- (i) that certain Term Loan and Security Agreement, dated as of June 29, 2016 entered into among SAExploration Holdings, Inc., a Delaware corporation (the "Borrower"), the Guarantors party thereto, the Lenders party thereto and Delaware Trust Company, as administrative agent and collateral agent for the Lenders (as amended, supplemented or otherwise modified, the "Credit Agreement"), and
- (ii) that certain Forbearance Agreement dated April 13, 2020, among the Borrower, the Guarantors, and the Lenders party thereto (the "Forbearance Agreement").

This consent letter (this "Consent") relates to the Credit Agreement. Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to them in the Credit Agreement. All references to sections in this Consent shall be to sections of the Credit Agreement unless otherwise indicated.

The Borrower has informed the Administrative Agent that SAExploration, Inc. ("SAExploration") has applied for an unsecured loan under the Small Business Administration Paycheck Protection Program (as part of the CARES Act (hereinafter defined)) in a principal amount not to exceed \$10.0 million (the "PPP Loan"). The restrictions in Section 7.1 of the Credit Agreement and in the Forbearance Agreement do not currently allow SAExploration or the other Loan Parties to incur the PPP Loan.

SAExploration has requested that the Required Lenders consent to the PPP Loan, and the Lenders signatory hereto which constitute Required Lenders do hereby consent to the incurrence of unsecured Indebtedness under the PPP Loan, notwithstanding anything in Section 7.1 or in the Forbearance Agreement to the contrary; provided that, (i) at all times when the PPP Loan is outstanding, each Loan Party will maintain its eligibility for such PPP Loan and take all actions necessary to stay in compliance with the requirements applicable to such PPP Loan under The Coronavirus Aid, Relief, and Economic Security Act, Public Law No: 116-136 (as amended, modified, or supplemented, the "CARES Act"), (ii) each Loan Party shall take all action necessary to cause the maximum portion of the PPP Loan which is eligible to be forgiven, to be forgiven in accordance with the CARES Act, (iii) the maturity date for the PPP Loan shall not occur prior to the Maturity Date under the Credit Agreement and (iv) the loan documents evidencing the PPP Loan ("PPP Loan Documents") shall not be amended in a manner adverse to the interests of the Lenders including without limitation by securing the PPP Loan with collateral. The parties hereto

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agree that any default under or breach of the PPP Loan Documents shall constitute an Event of Default under the Credit Agreement. For the avoidance of doubt, upon its incurrence the PPP Loan will constitute Indebtedness for all purposes under the Credit Agreement and the other Loan Documents until such time as the obligation to repay the PPP Loan is forgiven and/or paid (as applicable) in accordance with its terms.

Each of the Borrower and the Guarantors hereby expressly (a) acknowledges the terms of this Consent, and (b) ratifies and affirms its obligations under, and acknowledges, renews and extends its continued liability under, each Loan Document to which it is a party and agrees that each Loan Document to which it is a party remains in full force and effect, except as expressly set forth herein.

The foregoing consent is hereby granted to the extent and only to the extent specifically stated herein and for no other purpose and shall not be deemed to (a) be a consent or agreement to, or waiver or modification of, any other term or condition of the Credit Agreement, the Forbearance Agreement or any other Loan Document or any of the documents referred to therein, (b) except as expressly set forth herein, impair or prejudice any right or rights which the Administrative Agent or the Lenders may now have or may have in the future under or in connection with the Credit Agreement, the Forbearance Agreement or any other Loan Document or any of the documents referred to therein, or (c) constitute any course of dealing or other basis for altering any obligation of the Borrower, SAExploration or the other Guarantors or any right, privilege or remedy of the Administrative Agent or the Lenders under the Credit Agreement, the Forbearance Agreement, the other Loan Documents, or any other contract or instrument. Granting the consent set forth herein does not and should not be construed to be an assurance or promise that any consent or waiver will be granted in the future.

This Consent (including, but not limited to, the validity and enforceability hereof) shall be governed by, and construed in accordance with, the laws of the State of New York.

This Consent is a "Loan Document" as defined and described in the Credit Agreement and all of the terms and provisions of the Credit Agreement relating to Loan Documents shall apply hereto.

This Consent may be executed by one or more of the parties hereto in any number of separate counterparts, and all of such counterparts taken together shall be deemed to constitute one and the same instrument. Delivery of this Consent by facsimile or email transmission shall be effective as delivery of a manually executed counterpart hereof.

This Consent, the Credit Agreement, the Forbearance Agreement and the other Loan Documents represent the final agreement between the parties with respect to the subject matter hereof and thereof and may not be contradicted by evidence of prior, contemporaneous, or unwritten oral agreements of the parties. There are no subsequent oral agreements among the parties with respect to the subject matter hereof.

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If the foregoing correctly states your understanding with respect to the matters stated in this Consent, please acknowledge by signing in the space provided below. The undersigned Lenders party hereto have caused this Consent to be executed and delivered as of the date first above written.

**[Signature Pages Follow]**

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**LENDERS:**

**WBOX 2015-7 LTD**

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

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**LENDER:**

**JOHN PECORA**

By: /s/ John Pecora

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**LENDERS:**

**TEGEAN MASTER FUND LTD**

By: /s/ Joseph N. Levy

Name: Joseph N. Levy

Title: Chief Financial Officer

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Accepted and Agreed to as of the date first written above by:

**BORROWER:**

**SAEXPLORATION HOLDINGS, INC.**

By: /s/ Michael J. Faust

Name: Michael J. Faust

Title: Chief Executive Officer and President

**GUARANTORS:**

**SAEXPLORATION, INC.**

**SAEXPLORATION SUB, INC.**

**NES, LLC**

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

By: /s/ Michael J. Faust

Name: Michael J. Faust

Title: Chief Executive Officer and President of  
each of the foregoing companies

May 7, 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:

- (i) that certain Senior Secured Convertible Notes Indenture dated as of September 26, 2018, entered into among SAExploration Holdings, Inc., a Delaware corporation (the “Issuer”), the Guarantors party thereto, and Wilmington Savings Fund Society FSB, as trustee and collateral trustee under and as defined in the Indenture (hereinafter defined) (in such capacities, the “Trustee”) (as amended, supplemented or otherwise modified, the “Indenture”), and
- (ii) that certain Forbearance Agreement dated April 13, 2020, among the Issuer, the Guarantors, and the Holders party thereto (the “Forbearance Agreement”).

This consent letter (this “Consent”) relates to the Indenture. Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to them in the Indenture. All references to sections in this Consent shall be to sections of the Indenture unless otherwise indicated.

The Issuer has informed the Trustee that SAExploration, Inc. (“SAExploration”) has applied for an unsecured loan under the Small Business Administration Paycheck Protection Program (as part of the CARES Act (hereinafter defined)) in a principal amount not to exceed \$10.0 million (the “PPP Loan”). The restrictions in Section 5.01 of the Indenture and in the Forbearance Agreement do not currently allow SAExploration or the other Company Indenture Parties to incur the PPP Loan.

SAExploration has requested that the Required Holders consent to the PPP Loan, and the Holders signatory hereto which constitute Required Holders do hereby consent to the incurrence of unsecured Indebtedness under the PPP Loan, notwithstanding anything in Section 5.01 or in the Forbearance Agreement to the contrary; provided that, (i) at all times when the PPP Loan is outstanding, each Company Indenture Party will maintain its eligibility for such PPP Loan and take all actions necessary to stay in compliance with the requirements applicable to such PPP Loan under The Coronavirus Aid, Relief, and Economic Security Act, Public Law No: 116-136 (as amended, modified, or supplemented, the “CARES Act”), (ii) each Company Indenture Party shall take all action necessary to cause the maximum portion of the PPP Loan which is eligible to be forgiven in accordance with the CARES Act, and (iii) the loan documents evidencing the PPP Loan (“PPP Loan Documents”) shall not be amended in a manner adverse to the interests of the Holders including without limitation by securing the PPP Loan with collateral. The parties hereto agree that any default under or breach of the PPP Loan Documents shall constitute an Event of Default under the Indenture. For the avoidance of doubt, upon its incurrence the PPP Loan will constitute Indebtedness for all purposes under the Indenture and the other Indenture Documents until such time as the obligation to repay the PPP Loan is forgiven and/or paid (as applicable) in accordance with its terms.

The Issuer, SAExploration and each of the other Guarantors hereby expressly (a) acknowledges the terms of this Consent, and (b) ratifies and affirms its obligations under, and acknowledges, renews and

extends its continued liability under, each Indenture Document to which it is a party and agrees that each Indenture Document to which it is a party remains in full force and effect, except as expressly set forth herein.

The foregoing consent is hereby granted to the extent and only to the extent specifically stated herein and for no other purpose and shall not be deemed to (a) be a consent or agreement to, or waiver or modification of, any other term or condition of the Indenture, the Forbearance Agreement or any other Indenture Document or any of the documents referred to therein, (b) except as expressly set forth herein, impair or prejudice any right or rights which the Trustee or the Holders may now have or may have in the future under or in connection with the Indenture, the Forbearance Agreement or any other Indenture Document or any of the documents referred to therein, or (c) constitute any course of dealing or other basis for altering any obligation of the Issuer, SAExploration, or the other Guarantors or any right, privilege or remedy of the Trustee or the Holders under the Indenture, the Forbearance Agreement, the other Indenture Documents, or any other contract or instrument. Granting the consent set forth herein does not and should not be construed to be an assurance or promise that any consent or waiver will be granted in the future.

This Consent (including, but not limited to, the validity and enforceability hereof) shall be governed by, and construed in accordance with, the laws of the State of New York.

This Consent is an "Indenture Document" as defined and described in the Indenture and all of the terms and provisions of the Indenture relating to Indenture Documents shall apply hereto.

This Consent may be executed by one or more of the parties hereto in any number of separate counterparts, and all of such counterparts taken together shall be deemed to constitute one and the same instrument. Delivery of this Consent by facsimile or email transmission shall be effective as delivery of a manually executed counterpart hereof.

This Consent, the Indenture, the Forbearance Agreement and the other Indenture Documents represent the final agreement between the parties with respect to the subject matter hereof and thereof and may not be contradicted by evidence of prior, contemporaneous, or unwritten oral agreements of the parties. There are no subsequent oral agreements among the parties with respect to the subject matter hereof.

If the foregoing correctly states your understanding with respect to the matters stated in this Consent, please acknowledge by signing in the space provided below. The undersigned Holders party hereto have caused this Consent to be executed and delivered as of the date first above written.

[Signature Pages Follow]

**HOLDERS:**

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

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

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

By: Whitebox Advisors LLC, its investment manager

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

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

By: Whitebox Advisors LLC, its investment manager

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

**HOLDERS:**

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

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

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

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

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

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

**HOLDER:**

**JOHN PECORA**

By: /s/ John Pecora

Accepted and Agreed to as of the date first written above by:

**ISSUER:**

**SAEXPLORATION HOLDINGS, INC.**

By: /s/ Michael J. Faust

Name: Michael J. Faust

Title: Chief Executive Officer and President

**GUARANTORS:**

**SAEXPLORATION, INC.**

**SAEXPLORATION SUB, INC.**

**NES, LLC**

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

By: /s/ Michael J. Faust

Name: Michael J. Faust

Title: Chief Executive Officer and President of  
each of the foregoing companies

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

I, Michael Faust, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the period ended March 31, 2020 of SAExploration Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 12, 2020

/s/ Michael Faust

Michael Faust

Chief Executive Officer and President  
(Principal Executive Officer)

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

I, Kevin Hubbard, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the period ended March 31, 2020 of SAExploration Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 12, 2020

/s/ Kevin Hubbard

Kevin Hubbard

Interim Chief Financial Officer

(Principal Financial Officer and Principal Accounting Officer)

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

In connection with the quarterly report of SAExploration Holdings, Inc. (the "Company") on Form 10-Q for the period ended March 31, 2020, 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: May 12, 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 quarterly report of SAExploration Holdings, Inc. (the "Company") on Form 10-Q for the period ended March 31, 2020, 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: May 12, 2020

/s/ Kevin Hubbard

Kevin Hubbard

Interim Chief Financial Officer

(Principal Financial Officer and Principal Accounting Officer)