

SAEXPLORATION HOLDINGS, INC.

FORM 10-K/A (Amended Annual Report)

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

FORM 10-K/A

(Amendment No. 1)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended **December 31, 2015**

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
Commission file number **001-35471**

SAExploration Holdings, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

27-4867100

(I.R.S. Employer Identification No.)

1160 Dairy Ashford Rd., Suite 160, Houston, Texas

(Address of principal executive offices)

77079

(Zip Code)

Registrant's telephone number, including area code **(281) 258-4400**
Securities registered pursuant to Section 12(b) of the Act:

Common Stock, \$0.0001 Par Value

(Title of each class)

The NASDAQ Global Market

(Name of each exchange on which registered)

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

Warrants, Each to Purchase One Share of Common Stock

(Title of class)

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

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

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation in S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. Yes No

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

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant as of June 30, 2015, the last business day of the registrant's most recently completed second fiscal quarter was \$19,957,245, calculated by reference to the closing price of \$3.40 for the registrant's common stock on The Nasdaq Global Market on that date.

Number of shares of Common Stock, \$0.0001 par value, outstanding as of April 25, 2016: 17,451,353

DOCUMENTS INCORPORATED BY REFERENCE

None

EXPLANATORY NOTE

This Form 10-K/A is being filed as an amendment (“Amendment No. 1”) to the Annual Report on Form 10-K filed by SAExploration Holdings, Inc. with the Securities and Exchange Commission (the “SEC”) on March 15, 2016 (the “Original Filing”), to replace in its entirety the information provided in Part III of the Original Filing, which was previously expected to be incorporated by reference from the Proxy Statement for our 2016 Annual Meeting of Stockholders and to replace in its entirety the information provided in “Item 1A. Risk Factors” of Part I in order to update certain information contained in the Company’s Original Filing. In addition, with this Amendment No. 1, we are including currently dated certifications by our chief executive officer and chief financial officer as Exhibits 31.1 and 31.2 under Section 302 of the Sarbanes-Oxley Act of 2002 as required by Rule 12b-15 under the Securities Exchange Act of 1934, as amended. We are not including updated certifications under Section 906 of the Sarbanes-Oxley Act of 2002, as there are no financial statements included in this Amendment No. 1. Except as described above, no other sections of the Original Filing are being amended by the filing of this Amendment No. 1. This Amendment No. 1 has not been updated to include any subsequent financial statements or to reflect other events occurring after the date of the Original Filing or to modify or update those disclosures affected by subsequent events, except as specifically noted herein. To the extent any information in the Original Filing conflicts with information in this Amendment No. 1, this Amendment No. 1 controls. Additional information is contained in our other filings with the Securities and Exchange Commission.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This report contains “forward-looking statements” within the meaning of the U.S. federal securities laws, with respect to our financial condition, results of operations, cash flows and business, and our expectations or beliefs concerning future events. These forward-looking statements can generally be identified by phrases such as “expects,” “anticipates,” “believes,” “estimates,” “intends,” “plans to,” “ought,” “could,” “will,” “should,” “likely,” “appears,” “projects,” “forecasts,” “outlook” or other similar words or phrases. There are inherent risks and uncertainties in any forward-looking statements. Although we believe that our expectations are reasonable, we can give no assurance that these expectations will prove to have been correct, and actual results may vary materially. Except as required by law, we undertake no obligation to update, amend or clarify any forward-looking statements to reflect events, new information or otherwise. Some of the important factors that could cause actual results to differ materially from our expectations are discussed below. All written and oral forward-looking statements attributable to us, or persons acting on our behalf, are expressly qualified in their entirety by these cautionary statements.

Factors that could cause actual results to vary materially from our expectations include the following:

- the ability to succeed in and the timing to complete any of the restructuring and recapitalization transactions described in this report;
- the ability to effectively manage our operations during the significant cash flow and liquidity difficulties we are currently experiencing;
- negative events or publicity associated with our consideration of restructuring and recapitalization alternatives;
- the negative consequences if we are unsuccessful in achieving a successful restructuring transaction and must file for bankruptcy;
- developments with respect to the Alaskan oil and natural gas exploration tax credit system that may continue to affect the willingness of third parties to participate in financing and monetization transactions and our ability to timely monetize tax credits that have been assigned to us by our customer;
- changes in the Alaskan oil and natural gas exploration tax credit system that may significantly affect the level of Alaskan exploration spending;
- fluctuations in the levels of exploration and development activity in the oil and natural gas industry;
- intense industry competition;
- limited number of customers;
- credit and delayed payment risks related to our customers;
- the availability of capital resources;
- need to manage rapid growth and contraction of our business;
- delays, reductions or cancellations of service contracts;
- 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;
- ability to retain key executives; and
- need to comply with diverse and complex laws and regulations.

Refer to the “Risk Factors” in this Amendment No. 1 and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in the Original Filing for specific risks which would cause actual results to be significantly different from those expressed or implied by any of our forward-looking statements. It is not possible to identify all of the risks, uncertainties and other factors that may affect future results. In light of these risks and uncertainties, the forward-looking events and circumstances discussed in this report may not occur and actual results could differ materially from those anticipated or implied in the forward-looking statements. Accordingly, readers of this report are cautioned not to place undue reliance on the forward-looking statements.

PART I

ITEM 1A. Risk Factors.

Our business, financial position, results of operations or liquidity could be adversely affected by any of these risks. The risks and uncertainties we describe are not the only ones facing us. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our business or operations. Any adverse effect on our business, financial position, results of operations or liquidity could result in a decline in the value of our common stock and other securities.

Risks Relating to Our Business and Industry

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

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

Factors affecting the prices of oil and natural gas and our customers' desire to explore, develop and produce include:

- the level of supply and demand for oil and natural gas;
- expectations about future prices for oil and natural gas;
- the worldwide political, military and economic conditions;
- the ability of the Organization of Petroleum Exporting Countries to set and maintain production levels and prices for oil;
- the rate of discovery of new oil and natural gas reserves and the decline of existing oil and natural gas reserves;
- the cost of exploring for, developing and producing oil and natural gas;
- the ability of exploration and production companies to generate funds or otherwise obtain capital for exploration, development and production operations;
- technological advances affecting energy exploration, production and consumption;
- government policies, including environmental regulations and tax policies, regarding the exploration for, production and development of oil and natural gas reserves, the use of fossil fuels and alternative energy sources and climate change;
- weather conditions, including large-scale weather events such as hurricanes that affect oil and natural gas operations over a wide area or affect prices; and
- changes in the Alaskan oil and gas tax credit system which may significantly affect the level of exploration spending within Alaska and has negatively affected our current liquidity position.

Over the last two years, oil prices have declined significantly due in large part to increasing supplies, weakening demand growth, OPEC's and other oil and gas producing countries' position to not cut production and the lifting of sanctions against Iran. The weakening economic outlook for non-U.S. oil demand, especially in China and Europe, has put more downward pressure on prices. Thus, the price for crude oil has decreased significantly beginning in the third quarter of 2014.

As a result of recent decreases in crude oil prices, many E&P companies have announced that they are reducing their capital expenditures, which has resulted in diminished demand for our services and products and could cause downward pressure on the prices we charge or the level of work we do for our customers.

We cannot assure you that the exploration and development activities by our customers will be maintained at current levels. Any significant decline in exploration or production-related spending by our customers, whether due to a decrease in the market prices for oil and natural gas or otherwise, would have a material adverse effect on our results of operations. Additionally, increases in

oil and natural gas prices may not increase demand for our products and services or otherwise have a positive effect on our results of operations or financial condition.

Our revenues are subject to fluctuations that are beyond our control, which may be significant and could adversely affect our results of operations in any financial period.

Our operating results may vary in material respects from quarter to quarter. Factors that cause variations include the timing of the receipt and commencement of contracts for seismic data acquisition, processing or interpretation and customers' budgetary cycles, all of which are beyond our control. In addition, in any given period, we could have idle crews which result in a significant portion of our revenues, cash flows and earnings coming from a relatively small number of crews. Lower crew utilization rates can be caused by land access permit and weather delays, seasonal factors such as holiday schedules, shorter winter days or agricultural or hunting seasons, and crew repositioning and crew utilization and productivity. Additionally, due to location, type of service or particular project, some of our individual crews may achieve results that constitute a significant percentage of our consolidated operating results. Should any of our crews experience changes in timing or delays due to one or more of these factors, our financial results could be subject to significant variations from period to period. Combined with our fixed costs, these revenue fluctuations could also produce unexpected adverse results of operations in any fiscal period.

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

Revenues derived from our projects may not be sufficient to cover our costs of completing those projects or may not result in the profit we anticipated when we entered into the contract.

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

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

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

We are subject to significant fixed operating costs, which primarily consist of depreciation and maintenance expenses associated with our equipment, certain crew costs and interest expense under our outstanding 10% senior secured notes due in July 2019 (the "Notes"). Extended periods of significant downtime or low productivity caused by reduced demand, weather interruptions, equipment failures, permit delays or other causes could negatively affect our results and have a material adverse effect on our financial condition and results of operations because we will not be able to reduce our fixed costs as fast as revenues decline.

Our results of operations could be adversely affected by asset impairments.

We periodically review our portfolio of equipment for impairment. A prolonged downturn could affect the carrying value of our equipment or other assets and require us to recognize a loss. We may be required to write down the value of our equipment if the present value of future cash flows anticipated to be generated from the related equipment falls below net book value. A decline in oil and natural gas prices, if sustained, can result in future impairments. Because the impairment of long-lived assets or goodwill would be recorded as an operating expense, such a write-down would negatively affect our net income and may result in a breach of certain of our financial covenants under the credit and security agreement with Wells Fargo Bank, N.A., which provides for our \$20 million asset-based credit facility.

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

Our working capital needs are difficult to predict with certainty. Our available cash varies in material respects as a result of, among other things, the timing of our projects, our customers' budgetary cycles and our receipt of payment. Our working capital requirements may continue to increase, due to contraction in our business or expansion of infrastructure that may be required to keep pace with technological advances. In order to remain competitive, we must continue to invest additional capital to maintain, upgrade and expand our seismic data acquisition capabilities. In addition, some of our larger projects require significant upfront costs. We therefore may be subject to significant and rapid increases in our working capital needs that could require us to seek additional financing sources. While we currently have a revolving line of credit, restrictions in our debt agreements as well as our current cash flow and liquidity difficulties may impair our ability to obtain other sources of financing, and access to additional sources of financing may not be available on terms acceptable to us, or at all.

Recent developments in the State of Alaska and their consequences for the market for exploration tax credits have intensified the negative impact on our current liquidity and cash flow.

The State of Alaska offers two types of exploration tax credits ("Tax Credits"), which certain of our Alaskan customers receive in connection with the acquisition of seismic data that we generate. These customers may utilize cash received from the State of Alaska for the Tax Credits or, more typically, from the proceeds of a third party loan secured by the Tax Credits to pay accounts receivable due to us. As a result, we have, from time to time, accounts receivable due from Alaskan customers where the timing and amount of payment to us may be dependent upon when the Tax Credits can be monetized. In connection with the above, our Alaskan customers manage the Tax Credit process, which includes filing an application, undergoing an audit and receiving a Tax Credit certificate for the permitted amount. By statute, 40% of the value of the application for Tax Credits must be processed within 120 days of the filing and the remainder must be processed within 180 days after June 30 of the year earned. However, the ultimate disposition and timing of the process of the issuance of a Tax Credit certificate by the State of Alaska is outside our control. Historically, applicants have been able to quickly monetize Tax Credits before the issuance of the Tax Credit certificates and remit prompt payment to us by securing a loan from a financial institution secured by the Tax Credits. However, we believe, based on publicly available information, that the State of Alaska's existing budget deficit, delays in the State of Alaska paying on Tax Credits compared to historical timing and speculation regarding possible legislation that may amend the current Tax Credit program have produced substantial uncertainty about the timing of reimbursement from the State of Alaska for Tax Credits. As a consequence of this uncertainty, we believe that many, if not all, third-party financial institutions have suspended lending against Tax Credits prior to issuance of a Tax Credit certificate. In turn, our Alaskan customers' ability to monetize these Tax Credits in a timely manner has also been materially and adversely affected.

In particular, at December 31, 2015, we had an account receivable of approximately \$50 million due to us from one customer, which subsequently increased, as a result of our performance with respect to ongoing projects, to approximately \$88 million at March 31, 2016, making this currently our largest account receivable and the single largest item affecting our short-term liquidity, other than the general decline in our business due to the downturn in the business of oil and natural gas exploration and production companies. This customer relies upon Tax Credits to fund projects performed by us. Although this customer had previously notified us that it was working on several possible monetization solutions, it recently informed us that it was unsuccessful in monetizing its Tax Credits and that it was highly unlikely that it would be able to pay us the account receivable on a timely basis. As a result, on April 22, 2016, our customer assigned \$51.6 million of Tax Credits related to completed programs to us so that we can seek to monetize these Tax Credits and apply the resulting cash, as monetization occurs, toward the customer's repayment of its overdue account receivable. Additional programs have recently been completed, and the customer intends to file for an additional \$38.2 million of Tax Credits related to these programs. Absent the return of a Tax Credit lending market in Alaska, we expect that these additional Tax Credits will also be assigned to us by our customer once filed.

We are urgently pursuing ways to monetize the Tax Credits that have been assigned to us. However, we do not believe that there will be monetization opportunities prior to the issuance of certificates by the State of Alaska with respect to the Tax Credits. With respect to our customer's Tax Credits that have been, or are expected to be, assigned to us, we expect certificates representing approximately \$30.2 million to be issued by the State of Alaska in fiscal year 2016, commencing in the fourth quarter, with certificates representing approximately \$59.6 million to be issued on a rolling basis over the course of fiscal year 2017. However, there continues to be uncertainty regarding the timely payment by the State of Alaska of its obligations on issued tax credit certificates as well as our ability to accurately estimate the timeframe for such payments. There is a risk that any monetization of the Tax Credits, including after Tax Credit certificates are issued, will reflect a substantial discount and may be insufficient to fully repay our customer's outstanding account receivable. Should this occur, we may be required to record an impairment of the amount due from our customer. Additionally, as the accounts receivable age, they become unacceptable collateral to our lender which may require us to repay amounts borrowed from our lender. In addition, certain transaction structures that we might develop

in order to monetize Tax Credits that have been assigned to us could require a waiver or consent from the lenders under our revolving credit facility and possibly the holders of our outstanding Notes, and we cannot assure you that we will be able to receive any such waivers or consents.

As a result of the above, we are currently experiencing significant cash flow and liquidity difficulties, the improvement of which is substantially dependent on the resolution of the issue described above. We cannot assure you that we will be successful in doing so.

We are exploring a range of transactions to address our current significant cash flow and liquidity difficulties and to recapitalize our balance sheet, but we may not be successful in implementing them, which would have a material and negative impact on us.

We are exploring a range of possible transactions. These transactions include ways to monetize the Tax Credits that have been assigned to us, reductions in our debt and interest expense through exchanges, exchange offers, consent solicitations with our bondholders and other recapitalization alternatives. These possible transactions are intended primarily to address our current significant cash flow and liquidity difficulties and longer term need to realign our capital structure with our current business, given the uncertainty regarding the Alaskan Tax Credit program and the continued downturn in the oil and natural gas exploration sector. We may not be successful in accomplishing any of these transactions. There are several negative consequences if these efforts are unsuccessful, particularly if we are unable to address our current significant cash flow and liquidity difficulties. These negative consequences may lead to or include automatic defaults under our revolving credit facility and the indenture governing our outstanding Notes, our creditors foreclosing on the collateral securing our outstanding indebtedness and potential shortfalls in collateral coverage, the delisting of our stock from the Nasdaq stock exchange, liquidation or sale of assets at substantially below-market prices, the potential cancellation of existing common stock, and the incurrence of substantial fees and expenses. In addition, we may lose the ability to borrow any additional amounts under our revolving credit facility. As of March 31, 2016, our revolver, which currently has a total borrowing base of \$20 million, was drawn to the amount of \$10.5 million.

The negative events referred to above would have a material adverse impact on our business, operations, reputation and long-term viability. Moreover, negative publicity associated with our evaluation of restructuring and recapitalization alternatives, and the negative consequences should such alternatives be unsuccessful, could adversely affect our relationships with our suppliers, service providers, customers and potential customers, employees, and other third parties, which in turn could further adversely affect our operations and financial condition.

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

Our seismic data acquisition services are performed outdoors and often in difficult or harsh climate conditions, and are therefore subject to weather and seasonality. In Canada and Alaska, the primary season for seismic data acquisition is during the winter, from December to April, as many areas are only accessible when the ground is frozen. The weather conditions during this time of year can affect the timing and efficiency of operations. In addition, this prime season can be shortened by warmer weather conditions.

In South America and Southeast Asia, our operations are affected by the periods of heavy rain in the areas where seismic operations are conducted. In all areas in which we operate, the weather is an uncontrollable factor that affects our operations at various times of the year. Due to the unpredictability of weather conditions, there may be times when adverse conditions may cause our operations to be delayed and result in additional costs and may negatively affect our results of operations.

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

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

Our backlog can vary significantly from time to time and 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.

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 delays, payment defaults or cancellations on the underlying contracts could reduce the amount of backlog currently reported and, consequently, could inhibit the conversion of that backlog into revenues. In addition, worsening overall market conditions could result in further reductions of backlog which will impact our financial performance.

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

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

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

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

Our capital requirements, which are primarily the cost of equipment, are significant. We attempt to minimize our capital expenditures by restricting our purchase of equipment to equipment that we believe will remain highly utilized, and we strategically rent equipment utilizing the most current technology to cover peak periods in equipment demands. We may not be able to finance all of our capital requirements, however, when and if needed, to acquire new equipment, particularly during our current cash flow and liquidity difficulties. If we are unable to do so, there may be a material negative impact on our operations and financial condition.

Our revenues are generated by a concentrated number of customers.

We derive our revenues from a concentrated customer base in the international oil and natural gas industry. Although we historically have not been dependent on any one customer, as of March 31, 2016, we had an account receivable from one customer of approximately \$88 million, which represents our largest account receivable and the single largest item affecting our short-term liquidity. Our largest customers can and typically do change from year to year and our largest customers in any one year may not be indicative of our largest customers in the future. During the year ended December 31, 2015, four customers aggregated 77% of our consolidated revenue for the period, with our most significant customer representing 37% of our consolidated revenue for the period. During the year ended December 31, 2014, two other customers aggregated 47% of our consolidated revenue for the period, with our most significant customer representing 34% of our consolidated revenue for the period. Many of our customer contracts may be terminated at any time for convenience. If any of our customers were to terminate their contract with us on a large project or fail to contract for our services in the future because they are acquired, alter their exploration or development

strategy, experience financial difficulties, as a result of concerns over our current cash flow and liquidity difficulties or for any other reason, and we were not able to replace their business with business from other customers, our business, financial condition and results of operations could be materially and adversely affected.

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

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

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

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

We often work as the general contractor on seismic data acquisition surveys and consequently engage a number of subcontractors to perform services and provide products. While we generally obtain contractual indemnification and insurance covering the acts of those subcontractors, and require the subcontractors to obtain insurance for our benefit, there can be no assurance we will not be held liable for the actions of those subcontractors. In addition, subcontractors may cause damage or injury to our personnel and property that is not fully covered by insurance or by claims against the subcontractors.

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

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

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

We, along with our customers, are subject to compliance with governmental laws and regulations that may expose us to significant costs and liabilities and may adversely affect the demand for our services.

Our operations, and those of our customers, are subject to a variety of federal, provincial, state and local laws and regulations in the United States and foreign jurisdictions, including stringent laws and regulations relating to protection of the environment, particularly those relating to emissions to air, discharges to water, treatment, storage and disposal of regulated materials and remediation of soil and groundwater contamination. Those laws and regulations may impose numerous obligations that are applicable to our operations including:

- the acquisition of permits before commencing regulated activities; and
- the limitation or prohibition of seismic activities in environmentally sensitive or protected areas such as wetlands or wilderness areas.

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

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

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

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

Our operations outside of North America accounted for approximately 24% of our consolidated revenue in 2015 and 67% of our consolidated revenue in 2014 . Our international operations are subject to a number of risks inherent in any business operating in foreign countries, and especially those operating in emerging markets. As we continue to increase our presence in those countries, our operations will continue to encounter the following risks, among others:

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

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

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

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

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

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

In addition, we are subject to risks relating to governmental regulation of foreign currency, which may limit our ability to:

- transfer funds from or convert currencies in certain countries;
- repatriate foreign currency received in excess of local currency requirements; and
- repatriate funds held by our foreign subsidiaries to the United States at favorable tax rates.

As we continue to increase our operations in foreign countries, there is an increased risk that foreign currency controls may create difficulty in repatriating profits from foreign countries in the form of taxes or other restrictions, which could restrict our cash flow.

Economic and political conditions in Latin America pose numerous risks to our operations.

Our business operations in the Latin American region constitute a material portion of our business. As events in the region have demonstrated, negative economic or political developments in one country in the region can lead to or exacerbate economic or political instability elsewhere in the region. Furthermore, events in recent years in other developing markets have placed pressures on the stability of the currencies of a number of countries in Latin America in which we operate, including Brazil, Colombia and Peru. While certain areas in the Latin American region have experienced economic growth, this recovery remains fragile.

Certain Latin American economies have experienced shortages in foreign currency reserves and have adopted restrictions on the use of certain mechanisms to expatriate local earnings and convert local currencies into U.S. Dollars. Any such shortages or restrictions may limit or impede our ability to transfer or to convert such currencies into U.S. Dollars and to expatriate such funds for the purpose of making timely payments of interest and principal on our indebtedness. In addition, currency devaluations in one country may have adverse effects in another country. Some Latin American countries have historically experienced high rates of inflation. Inflation and some measures implemented to curb inflation have had significant negative effects on the economies of these countries. Governmental actions taken in an effort to curb inflation, coupled with speculation about possible future actions, have contributed to economic uncertainty at times in most Latin American countries. These countries may experience high levels of inflation in the future that could lead to further government intervention in the economy, including the introduction of government policies that could adversely affect our results of operations. In addition, if any of these countries experience high rates of inflation, we may not be able to adjust the price of our services sufficiently to offset the effects of inflation on our cost structures. A high inflation environment would also have negative effects on the level of economic activity and employment and adversely affect our business, results of operations and financial condition.

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

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

Although various climate change legislative measures have been under consideration by the U.S. Congress, it is not possible at this time to predict whether or when Congress may act on climate change legislation. The EPA has promulgated a series of rulemakings and taken other actions that the EPA states will result in the regulation of GHG as “air pollutants” under the existing federal Clean Air Act. Furthermore, in 2010, EPA regulations became effective that require monitoring and reporting of GHG emissions on an annual basis, including extensive GHG monitoring and reporting requirements. While this rule does not control

GHG emission levels from any facilities, it will cause covered facilities to incur monitoring and reporting costs. Moreover, lawsuits have been filed seeking to require individual companies to reduce GHG emissions from their operations.

This increasing focus on global warming may result in new environmental laws or regulations that may negatively affect us and our customers. This could cause us to incur additional direct costs in complying with any new environmental regulations, as well as increased indirect costs resulting from our customers incurring additional compliance costs that get passed on to us. Moreover, passage of climate change legislation or other legislative or regulatory initiatives that regulate or restrict emissions of GHG may curtail production and demand for fossil fuels such as oil and natural gas in areas where our customers operate and thus adversely affect future demand for our services. Reductions in our revenues or increases in our expenses as a result of climate control initiatives could have adverse effects on our business, financial position, results of operations and prospects.

Hydraulic fracturing is an important and commonly used process in the completion of oil and natural gas wells. Hydraulic fracturing involves the injection of water, sand and chemical additives under pressure into rock formations to stimulate oil and natural gas production. Due to public concerns raised regarding potential impacts of hydraulic fracturing, legislative and regulatory efforts at the federal level and in some states have been initiated to require or make more stringent the permitting, reporting and compliance requirements for hydraulic fracturing operations. These legislative and regulatory initiatives imposing additional reporting obligations on, or otherwise limiting, the hydraulic fracturing process could make it more difficult or costly to complete oil and natural gas wells. Shale gas and shale oil cannot be economically produced without extensive fracturing. In the event such initiatives are successful, demand for our seismic acquisition services may be adversely affected.

As a company subject to compliance with the Foreign Corrupt Practices Act (the "FCPA"), our business may suffer because our efforts to comply with U.S. laws could restrict our ability to do business in foreign markets relative to our competitors who are not subject to U.S. law. Any determination that we or our foreign agents have violated the FCPA may adversely affect our business, operations and reputation.

We operate in certain parts of the world that have experienced governmental corruption to some degree and, in certain circumstances, strict compliance with anti-bribery laws may conflict with local customs and practices. We may be subject to competitive disadvantages to the extent that our competitors are able to secure business, licenses or other preferential treatment by making payments to government officials and others in positions of influence or using other methods that U.S. law and regulations prohibit us from using.

As a U.S. corporation, we are subject to the regulations imposed by the FCPA, which generally prohibits U.S. companies and their intermediaries from making improper payments to foreign officials for the purpose of obtaining or keeping business and which imposes stringent recordkeeping requirements. In particular, we may be held liable for actions taken by our strategic or local partners even though our partners are not subject to the FCPA. Any such violations could result in substantial civil and/or criminal penalties and might adversely affect our results of operations and our ability to continue to work in those countries.

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

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

We may be unable to attract and retain executive officers and skilled and technically knowledgeable employees, which could adversely affect our business.

Our continued success depends upon retaining and attracting executive officers and highly skilled employees. A number of our executive officers and employees possess many years of industry experience and are highly skilled, and members of our management team also have relationships with oil and gas companies and others in the industry that are integral to our ability to market and

sell our services. Our inability to retain such individuals could adversely affect our ability to compete in the seismic service industry. We may face significant competition for such skilled personnel, particularly during periods of increased demand for seismic services. Although we utilize employment agreements and other incentives to retain certain of our key employees, there is no guarantee that we will be able to retain those personnel.

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

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

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

As a public company, we are subject to the requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), the Sarbanes-Oxley Act, the Dodd-Frank Act and other applicable securities rules and regulations. Compliance with these rules and regulations require us to incur significant additional legal, accounting and other expenses that we would not incur if we were not a public company.

The Exchange Act requires, among other things, that we file annual, quarterly and current reports with respect to our business and operating results. The Sarbanes-Oxley Act and the rules subsequently implemented by the SEC and the national securities exchanges, establish certain requirements for the corporate governance practices of public companies. For example, as a result of becoming a public company, we have additional board committees and are required to maintain effective disclosure controls and procedures and internal control over financial reporting. In order to maintain and, if required, improve our disclosure controls and procedures and internal control over financial reporting to meet this standard, significant resources and management oversight are required. As a result, management's attention has been and will continue to be diverted from other business concerns, which could harm our business and operating results.

Because we are a smaller reporting company, to date our independent auditor has not been required to issue an attestation report regarding our internal control over financial reporting in the annual reports on Form 10-K that we file with the SEC, and we have been subject to scaled disclosure requirements. We will remain a smaller reporting company as long as the market value of our securities held by non-affiliates is below \$75 million, as of the end of our second fiscal quarter each year. If we cease to be a smaller reporting company, our expenses will further increase and additional time will be required of our management to comply with those additional requirements.

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

As of March 31, 2016, we had \$150.6 million of total debt outstanding (including \$140.0 million of our Notes, \$10.5 million of borrowings under our revolving credit facility and \$146 thousand of existing capital leases). Our high level of indebtedness could have significant effects on our business. For example, our level of indebtedness and the terms of our debt agreements may:

- increase the risk that we may default on our debt obligations;
- prevent us from raising the funds necessary to repurchase Notes tendered to us if there is a change of control (as defined in the indenture for the Notes) or other event requiring such a repurchase, and any failure to repurchase Notes tendered for repurchase would constitute a default under the indenture for the Notes and may constitute a default under other debt instruments;
- require us to use a substantial portion of our cash flow from operations to pay interest and principal on our Notes and other debt, which would reduce the funds available for working capital, capital expenditures and other general corporate purposes;
- limit our ability to obtain additional financing for working capital, capital expenditures, acquisitions and other investments, or general corporate purposes particularly in light of the fact that a substantial portion of our assets have been pledged to secure our Notes and our revolving credit facility, which may limit the ability to execute our business strategy;
- heighten our vulnerability to downturns in our business, our industry or in the general economy and restrict us from exploiting business opportunities or making acquisitions;

- place us at a competitive disadvantage compared to those of our competitors that may have proportionately less debt;
- limit management's discretion in operating our business;
- limit our flexibility in planning for, or reacting to, changes in our business, the industry in which we operate or the general economy; and
- result in higher interest expense if interest rates increase and we have outstanding floating rate borrowings.

Each of these factors may have a material adverse effect on our business, financial condition and results of operations. Our ability to make payments with respect to our Notes, our revolving credit facility and to satisfy our other debt obligations will depend on our future operating performance, which will be affected by a broad range of factors, including prevailing economic conditions and financial, business and other factors affecting us and our industry, many of which are beyond our control.

Despite existing debt levels, we may still be able to incur substantially more debt, which would increase the risks associated with our leverage.

Even with our existing debt levels, we and our subsidiaries may be able to incur substantial amounts of additional debt in the future, including debt under our line of credit pursuant to our revolving credit facility or in connection with transactions that we are considering to address our current cash flow and liquidity difficulties. Although the terms of the indenture for our Notes and the credit agreement for our revolving credit facility will limit our ability to incur additional debt, these terms may not prevent us from incurring substantial amounts of additional debt. If new debt is added to our current debt levels, the risks associated with our leverage may intensify.

The Indenture for our Notes and Credit Agreement for our Revolving Credit Facility impose significant operating and financial restrictions on us and our subsidiaries that may prevent us from pursuing certain business opportunities and restrict our ability to operate our business.

The indenture for the Notes and the credit agreement for our revolving credit facility contain covenants that restrict our and our restricted subsidiaries' ability to take various actions, such as:

- transferring or selling certain assets;
- paying dividends or distributions, repaying subordinated indebtedness (if any) or making certain investments or other restricted payments;
- incurring or guaranteeing additional indebtedness or, with respect to our restricted subsidiaries, issuing preferred stock;
- creating or incurring liens securing indebtedness;
- incurring dividend or similar payment restrictions affecting restricted subsidiaries;
- consummating a merger, consolidation or sale of all or substantially all our and our restricted subsidiaries' assets;
- entering into transactions with affiliates; and
- engaging in a business other than our current business and businesses related, ancillary or complementary, to our current businesses or immaterial businesses.

In addition, the security documents executed pursuant to the indenture for the Notes and the credit agreement for our revolving credit facility restrict us and our restricted subsidiaries from taking or omitting to take certain actions that would adversely affect or impair in any material respect the collateral securing those obligations. Any future debt instruments may also require us to comply with a number of affirmative and negative covenants in addition to the covenants listed above.

We may be prevented from taking advantage of business opportunities that arise if we fail to meet certain financial ratios or because of the limitations imposed on us by the restrictive covenants under these agreements. In addition, the restrictions contained in the indenture for the Notes and the credit agreement for our revolving credit facility or other debt instruments may also limit our ability to plan for or react to market conditions or meet capital needs, or may otherwise restrict our activities or business plans and adversely affect our ability to finance our operations, enter into acquisitions, execute our business strategy, effectively compete with companies that are not similarly restricted or engage in other business activities that would be in our interest. In the future, we may incur other debt obligations that might subject us to additional and different restrictive covenants that could also adversely affect our financial and operational flexibility. In the event that we default under any of these financial or other covenants, we

would be required to seek waivers or amendments to the applicable agreements or to refinance the applicable indebtedness, and we cannot assure you that we would be able to do so on terms we deem acceptable, or at all. Failure to comply with applicable covenants would constitute a default under the applicable debt instrument and would generally allow the applicable lenders or other debt holders to demand immediate repayment of all indebtedness outstanding thereunder and, in the case of secured indebtedness and subject to the intercreditor agreement, if applicable, to seize and sell the collateral and to apply the proceeds from those sales to satisfy such indebtedness, any of which could have a material adverse impact on our results of operations and financial condition. These events would likely in turn trigger cross-acceleration and cross-default rights under other debt instruments, which would allow the applicable lenders or other debt holders to exercise similar rights and remedies. If the amounts outstanding under any future credit facility, our Notes, the credit agreement for our revolving credit facility or any other indebtedness were to be accelerated or if the applicable lenders or other debt holders were to foreclose upon the collateral securing any such indebtedness, we cannot assure you that our assets would be sufficient to repay the money owed to our lenders. We have in the past failed to comply with financial and other covenants in debt instruments and have therefore been required to obtain waivers and amendments from prior lenders, and there can be no assurance that we will not experience similar defaults in the future or that waivers or amendments will be obtained.

Our debt agreements contain restrictive covenants that may limit our ability to respond to changes in market conditions or pursue business opportunities.

The indenture for our Notes and the credit agreement for our revolving credit facility contain restrictive covenants that limit our ability to, among other things:

- incur or guarantee additional debt;
- pay dividends;
- repay subordinated debt prior to its maturity;
- grant additional liens on our assets;
- enter into transactions with our affiliates;
- repurchase stock;
- make certain investments or acquisitions of substantially all or a portion of another entity's business assets;
- undergo a change of control; and
- merge with another entity or dispose of our assets.

Complying with these covenants may limit our ability to respond to changes in market conditions or pursue business opportunities that would otherwise be available to us.

If we are unable to comply with the restrictions and covenants in our debt agreements, there could be a default under the terms of such agreements, which could result in an acceleration of repayment and the sale of our assets to satisfy our obligations with our lenders. Failure to maintain existing financing or to secure new financing could have a material adverse effect on our liquidity and financial position.

If we are unable to comply with the restrictions and covenants in the indenture for our Notes and the credit agreement for our revolving credit facility, there could be a default under the terms of those agreements. In the event of a default under those agreements, lenders could terminate their commitments to lend or accelerate the loans and declare all amounts borrowed due and payable. Borrowings under other debt instruments that contain cross-acceleration or cross-default provisions, may also be accelerated and become due and payable. In addition, our obligations under the indenture for the Notes and the credit agreement for our revolving credit facility are secured by a lien on substantially all of our U.S. assets and certain of our foreign assets, including 65% of the equity interests in our first-tier foreign subsidiaries. In the event of foreclosure, liquidation, bankruptcy or other insolvency proceeding relating to us or to our subsidiaries that have guaranteed our debt, holders of our secured indebtedness and our other lenders will have prior claims on our assets. If any of those events occur, our assets might not be sufficient to repay in full all of our outstanding indebtedness and we may be unable to find alternative financing. Even if we could obtain alternative financing, it might not be on terms that are favorable or acceptable to us. Additionally, we may not be able to amend our debt agreements or obtain needed waivers on satisfactory terms or without incurring substantial costs. Failure to maintain existing or secure new financing could have a material adverse effect on our liquidity and financial position.

We have had and in the future may have material weaknesses in our internal control over financial reporting.

On June 24, 2013, we completed the Merger with Former SAE. Former SAE was not a public reporting company and had limited accounting personnel and systems to adequately execute accounting processes and limited other supervisory resources with which to address internal control over financial reporting, especially in its early years. We and our independent registered public accounting firm identified material weaknesses during the preparation of our financial statements as of and for the year ended December 31, 2013 and quarterly periods within 2013 that resulted in restatements of the first and second quarterly periods within 2013. During 2014 we took substantial steps in improving and fortifying our internal controls and remediated the material weaknesses in internal control over financial reporting identified in 2013. While these measures correct the material weaknesses identified by us or our independent public accounting firm, we cannot assure that there will not be other material weaknesses that we or our independent registered public accounting firm will identify. If additional material weaknesses in our internal controls are discovered in the future, they may adversely affect our ability to record, process, summarize, and report financial information timely and accurately.

Risks Relating to Our Securities

Future resales of our common stock issued to the Former SAE common stockholders may cause the market price of our securities to drop significantly, even if our business is doing well.

In connection with the Merger, the Former SAE common stockholders, on a fully-diluted basis, received among other things, an aggregate of 6,448,443 shares (after rounding up for fractional shares) of our common stock. While such shares were initially subject to lock-up agreements, pursuant to which the Former SAE common stockholders could not sell any of the shares of our common stock that they received as a result of the Merger, such restrictions have expired.

We entered into a registration rights agreement at the closing of the Merger with CLCH, LLC (“CLCH”), which became an “affiliate” of ours as a result of the issuance of shares of our common stock in the Merger. Under the registration rights agreement, CLCH is entitled to demand that we register the shares issued to it in the Merger under the Securities Act of 1933, as amended (the “Securities Act”). In addition, CLCH has certain “piggy-back” registration rights with respect to certain registration statements filed subsequent to consummation of the Merger. Furthermore, the Former SAE common stockholders, including CLCH and any other Former SAE common stockholder who may be deemed an “affiliate” of ours, may sell shares of our common stock pursuant to Rule 144 under the Securities Act, if available, rather than under a registration statement. In these cases, the resales must meet the criteria and conform to the requirements of that rule.

With the expiration of the applicable lock-up periods, and upon effectiveness of any registration statement we may file pursuant to the registration rights agreement or upon satisfaction of the requirements of Rule 144 under the Securities Act, the Former SAE common stockholders may sell large amounts of our common stock in the open market or in privately negotiated transactions, which could have the effect of increasing the volatility in our stock price or putting significant downward pressure on the price of our stock.

If our Initial Stockholders or the Former SAE warrant holders exercise their registration rights with respect to their securities, or if our former warrant holders resell the shares of our common stock they received upon the exchange of their warrants for common stock, it may have an adverse effect on the market price of our shares of common stock.

The holders (“Initial Stockholders”) of the shares of our common stock issued prior to our initial public offering (the “Initial Shares”), are entitled to make a demand that we register the resale of their Initial Shares at any time commencing three months prior to June 24, 2014, the date on which their shares may be released from escrow.

On January 7, 2014, we commenced an offer to exchange our outstanding warrants to purchase up to 15.0 million shares of our common stock (the “Warrant Exchange”). Each warrant holder had the opportunity to receive one share of common stock in exchange for every ten outstanding warrants tendered by the holder and exchanged pursuant to the Warrant Exchange. The Warrant Exchange offer period expired on February 7, 2014, and a total of 14,418,193 warrants were tendered and accepted for exchange. On February 14, 2014, we issued 1,441,813 shares and paid \$52 in cash in lieu of fractional shares in exchange for the tendered warrants. The holders of shares of our common stock issued in the Warrant Exchange, who are not affiliates of ours (and who have not been affiliates of ours within three months preceding a proposed sale) may resell those shares without restriction under the Federal securities laws. In addition, the holders of shares issued in the Warrant Exchange who are affiliates of ours (or who have been affiliates of ours within three months preceding a proposed sale), are entitled to make a demand that we register the resale of the shares they received at any time. Furthermore, the Initial Stockholders have certain “piggy-back” registration rights with respect to certain registration statements filed subsequent to the Merger. Holders of warrants issued by Former SAE also have “piggy-back” registration rights with respect to certain registration statements we file as to the shares of our common stock issuable in respect of such warrants. The presence of these additional shares of common stock trading in the public market may have an adverse effect on the market price of our securities.

The restructuring and recapitalization transactions that we are considering could have a material adverse effect on our common stock.

As described above, we are considering a range of possible transactions, including ways to monetize the Tax Credits that have been assigned to us, reductions in our debt and interest expense through exchanges, exchange offers and consent solicitations with our bondholders and other restructuring and recapitalization alternatives. Certain of these transactions could result in substantial dilution of our existing stockholders and could have a material adverse effect on the market price of our common stock.

We are not currently in compliance with the minimum public float requirement or the minimum closing bid requirement of the Nasdaq Global Market. If our common stock is delisted, the market price and liquidity of our common stock and our ability to raise additional capital would be adversely impacted.

Our common stock is currently listed on the Nasdaq Global Market (“Nasdaq”). Continued listing of a security on Nasdaq is conditioned upon compliance with various continued listing standards. On February 3, 2016, we received a letter from Nasdaq (the “Float Notice”) notifying us that, for the last 30 consecutive business days, we had not met the \$15 million minimum market value of publicly held shares continued listing standard as required by Nasdaq Listing Rule 5450(b)(3)(C). As provided in the Nasdaq rules, we have 180 calendar days, or until August 1, 2016, to regain compliance. To regain compliance, the market value of our publicly held shares must be \$15 million or more for a minimum of ten consecutive business days at any time prior to August 1, 2016. On April 19, 2016, we received a further letter from Nasdaq notifying us that, based on the closing bid price of our common stock for the last 30 consecutive business days, we were no longer in compliance with the minimum closing bid price of \$1 per share required by Nasdaq Listing Rule 5450(a)(1) (the “Bid Price Notice”). As provided in the Nasdaq rules, we have 180 calendar days, or until October 17, 2016, to regain compliance. To regain compliance, the minimum closing bid price of our common stock must be at least \$1 per share for a minimum of ten consecutive business days at any time on or prior to October 17, 2016.

Receipt of the Float Notice and the Bid Price Notice do not impact our listing on the Nasdaq at this time, and our common stock will continue to trade on the Nasdaq under the symbol “SAEX.” The notices also do not impact our obligation to file periodic reports and other reports with the Securities and Exchange Commission under applicable federal securities laws. If we have not regained compliance with such standard prior to August 1, 2016, we will consider whether to apply to transfer our common stock to the Nasdaq Capital Market. The ability to transfer to the Nasdaq Capital Market would be dependent upon our meeting the applicable listing requirements for that exchange, including compliance with the \$1 minimum closing bid requirement, which, as described above, we currently do not satisfy.

If we are eligible to, and decide to, transition to the Nasdaq Capital Market, the transition would not impact our obligation to file periodic reports and other reports with the Securities and Exchange Commission under applicable federal securities laws. If we do not transfer our securities to the Nasdaq Capital Market or regain compliance with Nasdaq Listing Rule 5450(b)(3)(C) by August 1, 2016 and regain compliance with Nasdaq Listing Rule 5450(a)(1) by October 17, 2016, subject to extensions under certain circumstances, the Nasdaq staff will issue a notice that our securities are subject to delisting. We would then have the right to appeal the decision to a Nasdaq Listing Qualifications Panel.

If our common stock were 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.

We are considering our options in response to our receipt of the Float Notice and the Bid Price Notice, and have not yet determined what actions, if any, we might pursue to regain compliance with the above Nasdaq continued listing requirements. There can be no assurance that we will be able to regain compliance with such requirements or that our common stock will remain listed on Nasdaq.

PART III

ITEM 10. *Directors, Executive Officers and Corporate Governance.*

Directors and Executive Officers

Our Board of Directors consists of seven members divided into three classes as follows:

- in Class C, to stand for reelection in 2016: Eric S. Rosenfeld, David D. Sgro and Gregory R. Monahan;
- in Class A, to stand for reelection in 2017: Jeff Hastings, Brent Whiteley and Gary Dalton; and
- in Class B, to stand for reelection in 2018: Brian Beatty.

Our directors and executive officers are as follows:

<u>Name</u>	<u>Age</u>	<u>Position</u>
Jeff Hastings	58	Executive Chairman of the Board and Director
Brian Beatty	53	Chief Executive Officer, President and Director
Brent Whiteley	50	Chief Financial Officer, General Counsel, Secretary and Director
Eric S. Rosenfeld	58	Director
David D. Sgro	39	Director
Gregory R. Monahan	42	Director
Gary Dalton	61	Director
Trisha Gerber	44	Chief Accounting Officer
Mike Scott	58	Executive Vice President — Operations
Darin Silvernagle	50	Executive Vice President — Marine

Jeff Hastings became our Executive Chairman of the Board and a member of our Board of Directors upon consummation of the Merger in 2013. He was the majority stockholder of Former SAE from 2008 until the Merger. In March 2011, he became the Executive Chairman of Former SAE. Previously, he was the President and an owner of Fairweather Geophysical, which primarily performed seismic operations in Alaska, and which was acquired by Veritas DGC Inc. in 2000. From 2000 until becoming the majority stockholder of Former SAE in 2008, Mr. Hastings was with Veritas in multiple positions, including Operations Manager for Alaska. Mr. Hastings has over 35 years of experience in the geophysical industry. We believe that Mr. Hastings is qualified to serve on our Board based on his extensive knowledge of SAE and his experience in the geophysical industry.

Brian Beatty became our President, Chief Executive Officer and a member of our Board of Directors upon consummation of the Merger in 2013. He founded Former SAE in 2006 and served as the President and Chief Executive Officer of Former SAE from its inception. Prior to founding Former SAE, Mr. Beatty held many positions with Veritas DGC Inc., beginning as a seismic field manager and eventually managing all of Veritas' South American operations and establishing Veritas' business in Peru, Chile, Argentina, Brazil and Bolivia. Mr. Beatty has over 30 years of experience in the geophysical industry working in numerous different geographies. We believe that Mr. Beatty is qualified to serve on our Board based on his extensive knowledge of SAE and his experience in the geophysical industry.

Brent Whiteley became our Chief Financial Officer, General Counsel and Secretary and a member of our Board of Directors upon consummation of the Merger in 2013. He served as Chief Operating Officer, Chief Financial Officer, General Counsel and Secretary of Former SAE beginning in March 2011, but resigned as Chief Operating Officer in November 2011. Previously, Mr. Whiteley served as General Counsel-Western Hemisphere and then in January 2008 became a Senior Vice President of CGG Veritas, operating its North and South American land acquisition business. Mr. Whiteley holds a BBA in finance/real estate from Baylor University, a JD from South Texas College of Law, and an MBA from Rice University — Jesse H. Jones Graduate School of Management.

We believe that Mr. Whiteley is qualified to serve on our Board based on his legal and operational experience in the geophysical industry.

Eric S. Rosenfeld has been a member of our Board of Directors since our inception in 2011, and served as our Chairman of the Board and Chief Executive Officer from our inception until consummation of the Merger. Mr. Rosenfeld has served as President and Chief Executive Officer of Crescendo Partners, L.P., a New York-based investment firm, since its formation in November 1998. Prior to forming Crescendo Partners, he held the position of Managing Director at CIBC Oppenheimer and its predecessor company Oppenheimer & Co., Inc. for 14 years. Mr. Rosenfeld currently serves on the Board of Directors for the following companies: Harmony Merger Corp. as Chairman and Chief Executive Officer, a blank check company formed for the purpose of effecting a merger, capital stock exchange, asset acquisition or other similar business combination with an operating business, since May 2014; Pangaea Logistics Solutions Ltd., a Nasdaq listed international dry bulk shipping company, since October 2014; CPI Aerostructures, Inc. as Chairman, an American Stock Exchange-listed company engaged in the contract production of structural aircraft parts, since January 2005; Absolute Software Corporation, a Toronto Stock Exchange ("TSX") listed provider of security and management for computers and ultra-portable devices since December 2012; and Cott Corporation, a New York Stock Exchange ("NYSE") listed beverage company since June 2008. Mr. Rosenfeld previously served on the Board of Directors of Primoris Services Corporation, a Nasdaq listed construction services firm from July 2008 to May 2014; Hill International, Inc., a NYSE-listed construction consulting firm from 2006 until June 2010; Dalsa Corporation, a developer and manufacturer of digital imaging products and solutions acquired by Teledyne Technologies in 2010, from February 2008 to February 2011; Matrikon Inc., a developer of software for industrial manufacturers acquired by Honeywell in 2010, from July 2007 to June 2010; and Quartet Merger Corp., from October 2013 until its merger with Pangaea Logistics Solutions Ltd. in October 2014. Mr. Rosenfeld received an A.B. in economics from Brown University and a M.B.A. from the Harvard Business School. We believe that Mr. Rosenfeld is qualified to serve on our Board based on his public company experience and operational experience.

David D. Sgro, CFA, has been a member of our Board of Directors since March 2011, and served as our Chief Financial Officer and Secretary from our inception until consummation of the Merger. He is currently a Senior Managing Director of Crescendo Partners, L.P. and has held various positions at Crescendo Partners since May 2005. Mr. Sgro has served as a member of the Board of Directors and Audit Committee of Pangaea Logistics Solutions Ltd. since October 2014; as a board member of Invescor Restaurant Group Inc., a TSX listed restaurant franchisor and licensing company, since March 2016; and as Chief Operating Officer and board member of Harmony Merger Corp since March 2015. He previously served on the Board of Directors and Audit Committee of Bridgewater Systems, Inc., a TSX listed telecommunications software company, from June 2008 to August 2011; Primoris Services Corporation, from July 2008 to May 2011; and COM DEV International, a TSX listed designer and manufacturer of space hardware subsystems, from April 2013 to January 2016. Mr. Sgro also served as the Chief Financial Officer, Secretary and Director for Quartet Merger Corp. from October 2013 until its merger with Pangaea Logistics Solutions Ltd. in October 2014. Prior to joining Crescendo Partners, Mr. Sgro held analyst positions with Management Planning, Inc. and Brandes Investment Partners. Mr. Sgro is a Chartered Financial Analyst (CFA) Charterholder and holds a B.S. in Finance from The College of New Jersey and a M.B.A. from Columbia Business School. We believe that Mr. Sgro is qualified to serve on our Board based on his public company experience, operational experience and financial expertise.

Gregory R. Monahan became a member of our Board of Directors upon consummation of the Merger in 2013. He has been a Managing Director of Crescendo Partners, L.P., since December 2008 and has held various positions at Crescendo Partners since May 2005, and he is the portfolio manager of Jamarant Capital, L.P.. Prior to Mr. Monahan's time with Crescendo Partners, he was the founder of Bind Network Solutions, a consulting firm focused on network infrastructure and security. Mr. Monahan has served on the Board of Directors of Cott Corporation since June 2008, Absolute Software Corp. since March 2013, and Entrec Corporation since May 2015. Mr. Monahan previously served on the Board of Directors of Bridgewater Systems from June 2008 to August 2011; O'Charley's Inc., a Nasdaq listed multi-concept restaurant company from 2008 until its sale in 2012; and COM DEV International from April 2013 to January 2016. We believe that Mr. Monahan is qualified to serve on our Board based on his financial expertise, including extensive expertise with capital markets transactions and investments in both public and private companies.

Gary Dalton became a member of our Board of Directors upon consummation of the Merger in 2013. He has been the President of Latash Investments LLC, an investment advisory firm based in Alaska, since 2001. He previously served as Chief Financial Officer and Executive Vice President at National Bank of Alaska for more than 20 years. Prior to joining National Bank of Alaska, he worked for the Comptroller of the Currency as a Bank Examiner. Mr. Dalton is a Trustee of the Alaska Permanent Fund Corporation and a Board member of the Alaska Museum Foundation. He graduated from the University of Puget Sound. We believe that Mr. Dalton is qualified to serve on our Board based on his investment and financial expertise.

Trisha Gerber, CPA, joined SAE on June 1, 2014 and was appointed our Chief Accounting Officer on September 29, 2014. From February 2012 to May 2014, Ms. Gerber served as Assistant Controller for Atwood Oceanics, Inc. From July 2006 to September 2011, Ms. Gerber held various roles at INX, Inc., a publicly-held technology company, ultimately serving as Assistant Controller.

Prior to INX, Inc., Ms. Gerber held a variety of accounting positions at BMC Software, TXU Communications, and Arthur Andersen. Ms. Gerber is a Certified Public Accountant and holds a BS in Accounting and a MBA from the University of Texas.

Mike Scott became our Executive Vice President — Operations upon consummation of the Merger in 2013. Prior to the Merger, he was Executive Vice President of Operations of Former SAE, a position he held since joining Former SAE in September 2011. Mr. Scott spent the 20 years prior to joining Former SAE with Veritas (CGGVeritas), ultimately serving in the role of VP North American Operations, with responsibilities for Veritas' growth through market expansion, strategic positioning and implementation of a comprehensive quality, health, safety and environmental management system.

Darin Silvernagle became our Executive Vice President — Marine on March 20, 2014. Prior to that Mr. Silvernagle was our Executive Vice President — Technology, a position he held since consummation of the Merger in 2013. Prior to the Merger, Mr. Silvernagle served as Executive Vice President of Technology of Former SAE since joining Former SAE in September 2011. Mr. Silvernagle has over 30 years of experience in the geophysical services industry. Prior to joining SAE, Mr. Silvernagle worked for 17 years with Veritas, Veritas DGC Land and finally CGG Veritas, Mr. Silvernagle held a variety of roles with those companies including Technical Manager of North America, Technical Manager of North and South America and, ultimately, VP of Resources for the Global Land Division. In these roles, Mr. Silvernagle managed all aspects of technical operations in both field and office locations. His assignments included the diverse operating environments of Canada, the Canadian Arctic, the North Slope of Alaska, the U.S. Lower 48, the Middle East and South America. Mr. Silvernagle spent 10 years in the field in supporting roles for all aspects of crew operations.

No family relationship exists between any of our directors or executive officers named above.

Audit Committee Information

The Audit Committee of our Board of Directors presently consists of Messrs. Sgro, Monahan and Dalton, with Mr. Sgro serving as Chairman. Each of the members of the Audit Committee is independent under the applicable Nasdaq listing standards. The Audit Committee has a written charter, which is available on our website at www.saexploration.com. The purpose of the Audit Committee is to oversee our financial reporting and disclosure process.

The Audit Committee will at all times be composed exclusively of "independent directors," as defined for Audit Committee members under the Nasdaq listing standards and the rules and regulations of the SEC, who are "financially literate," as defined under Nasdaq's listing standards. The Nasdaq listing standards define an "independent director" as a person, other than an executive officer of a company or any other individual having a relationship which, in the opinion of the issuer's Board of Directors, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. Nasdaq's listing standards define "financially literate" as being able to read and understand fundamental financial statements, including a company's balance sheet, income statement and cash flow statement. In addition, we have certified to Nasdaq that the committee has, and will continue to have, at least one member who has past employment experience in finance or accounting, requisite professional certification in accounting, or other comparable experience or background that results in the individual's financial sophistication. The Board of Directors has determined that Mr. Sgro satisfies Nasdaq's definition of financial sophistication and qualifies as an "Audit Committee financial expert" as defined under the rules and regulations of the SEC.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our directors, officers and persons owning more than 10% of our common stock to file reports of ownership and changes of ownership with the SEC. Based on our review of the copies of such reports furnished to us, or representations from certain reporting persons that no other reports were required, we believe that all applicable filing requirements were complied with during the fiscal year ended December 31, 2015, except as set forth below.

For the fiscal year ended December 31, 2015, each of Jeff Hastings, Brian Beatty, Brent Whiteley, Trisha Gerber, Mike Scott and Darin Silvernagle filed one late report on Form 4 relating to one transaction.

Code of Ethics

Our Board of Directors has adopted a code of ethics that applies to our directors, officers, and employees and those of any subsidiaries we may have in the future (including our Principal Executive Officer, our Principal Financial Officer, our Principal Accounting Officer, and persons performing similar functions). We will provide, without charge, upon request, copies of our code of ethics. Requests for copies of our code of ethics should be sent in writing to SAExploration Holdings, Inc., 1160 Dairy Ashford Rd., Suite 160, Houston, Texas 77079. Our code of ethics is also available on our website at www.saexploration.com.

ITEM 11. Executive Compensation.

Executive Compensation

Overview of Executive Compensation

We seek to provide total compensation packages that are competitive in terms of potential value to our executives, and which are tailored to our unique characteristics and needs within our industry in order to create an executive compensation program that will adequately reward our executives for their roles in creating value for our stockholders. We intend to be competitive with other similarly situated companies in our industry.

The compensation decisions regarding our executives are based on our need to attract individuals with the skills necessary for us to achieve our business plan, to reward those individuals fairly over time, and to retain those individuals who continue to perform at or above our expectations.

Our executives' compensation has three primary components — salary, cash incentive bonus and stock-based awards. We view the three components of executive compensation as related but distinct. Although our compensation committee reviews total compensation, we do not believe that significant compensation derived from one component of compensation should negate or reduce compensation from other components. We determine the appropriate level for each compensation component based in part, but not exclusively, on our view of internal equity and consistency, individual performance and other information deemed relevant and timely. The Compensation Committee is in the process of developing policies for allocating compensation between long-term and currently paid out compensation, between cash and non-cash compensation, and among different forms of compensation.

In addition to the guidance provided by our Compensation Committee, we may utilize the services of third parties from time to time in connection with the hiring and compensation awarded to executive employees. This could include subscriptions to executive compensation surveys and other databases.

Our Compensation Committee is charged with performing an annual review of our executive officers' cash compensation and equity holdings to determine whether they provide adequate incentives and motivation to executive officers and whether they adequately compensate the executive officers relative to comparable officers in other companies.

Summary Compensation Table

The following table provides summary information concerning the compensation of our Principal Executive Officer and the two other most-highly compensated executive officers ("Named Executive Officers") for the years ended December 31, 2015 and 2014:

Name and Principal Position	Year	Salary (\$)	Stock Awards (\$)	Option Awards (\$)	Non-Equity Incentive Plan (\$)	All Other Compensation (\$)	Total (\$)
Jeff Hastings Executive Chairman	2015	591,948	— ⁽¹⁾	— ⁽¹⁾	733,880 ⁽⁴⁾	57,711 ⁽¹⁰⁾	1,383,539
	2014	563,760	128,177 ⁽²⁾	115,011 ⁽³⁾	845,641 ⁽⁵⁾	62,761 ⁽¹⁰⁾	1,715,350
Brian Beatty President and CEO	2015	591,948	— ⁽¹⁾	— ⁽¹⁾	733,880 ⁽⁶⁾	47,510 ⁽¹¹⁾	1,373,338
	2014	563,760	128,177 ⁽²⁾	115,011 ⁽³⁾	845,641 ⁽⁷⁾	50,234 ⁽¹²⁾	1,702,823
Brent Whiteley CFO, General Counsel and Secretary	2015	399,475	— ⁽¹⁾	— ⁽¹⁾	385,700 ⁽⁸⁾	49,606 ⁽¹³⁾	834,781
	2014	380,452	64,875 ⁽²⁾	58,211 ⁽³⁾	445,584 ⁽⁹⁾	65,697 ⁽¹⁴⁾	1,014,819

(1) There were no restricted stock or stock option awards for 2015 performance.

(2) Reflects the grant date fair value of restricted stock unit awards for each named executive officer computed in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 718.

(3) Reflects the grant date fair value of incentive stock option awards for each named executive officer computed in accordance with FASB ASC Topic 718. For 2014, the assumptions underlying the valuation of the stock options under the Black-Scholes options pricing model are as follows: expected life of 5.5 years; volatility of 52.3%; a risk-free interest rate of 1.8%; and no dividend yield.

(4) Mr. Hastings earned \$733,880 under the 2013 Long-Term Incentive Plan for 2015 performance, which will be paid at a future date after sufficient improvement occurs in our liquidity.

- (5) Mr. Hastings earned \$845,641 under the 2013 Long-Term Incentive Plan, of which \$295,846 for 2014 performance was paid in July 2014 and \$549,795 for 2014 performance was paid in April 2015.
- (6) Mr. Beatty earned \$733,880 under the 2013 Long-Term Incentive Plan for 2015 performance, which will be paid at a future date after sufficient improvement occurs in our liquidity.
- (7) Mr. Beatty earned \$845,641 under the 2013 Long-Term Incentive Plan, of which \$295,846 for 2014 performance was paid in July 2014 and \$549,795 for 2014 performance was paid in April 2015.
- (8) Mr. Whiteley earned \$385,700 under the 2013 Long-Term Incentive Plan for 2015 performance, which will be paid at a future date after sufficient improvement occurs in our liquidity.
- (9) Mr. Whiteley earned \$445,584 under the 2013 Long-Term Incentive Plan, of which \$140,664 for 2014 performance was paid in July 2014 and \$304,920 for 2014 performance was paid in April 2015.
- (10) Represents Mr. Hastings' \$2,750/month automobile allowance and the payment of the premiums on his health and life insurance policies.
- (11) Represents Mr. Beatty's \$2,750/month automobile allowance, a Canadian retirement registered savings plan company match of \$9,724, and the payment of the premiums on his health and life insurance policies.
- (12) Represents Mr. Beatty's \$2,750/month automobile allowance, a Canadian retirement registered savings plan company match of \$11,063, and the payment of the premiums on his health and life insurance policies.
- (13) Represents Mr. Whiteley's \$1,750/month automobile allowance, a 401(k) plan company match of \$3,895, and the payment of the premiums on his health and life insurance policies.
- (14) Represents Mr. Whiteley's \$1,750/month automobile allowance, a 401(k) plan company match of \$10,400, and the payment of the premiums on his health and life insurance policies.

Employment Agreements

Effective June 24, 2013, we entered into employment agreements with each of our Named Executive Officers: Jeff Hastings, Executive Chairman; Brian Beatty, President and Chief Executive Officer; and Brent Whiteley, Chief Financial Officer, General Counsel, and Secretary. Each employment agreement is for a term of three years, subject to earlier termination in certain circumstances, with an automatic renewal for one year terms unless notice to terminate is provided at least 90 days prior to the expiration of such term.

The employment agreements provide for initial base salaries as follows: Jeff Hastings (\$489,000); Brian Beatty (\$489,000); and Brent Whiteley (\$330,000). The executives are guaranteed a five percent annual salary increase and as much as a 15% salary increase if certain criteria are met. On August 13, 2013, in accordance with the employment agreements, our Compensation Committee confirmed that the criteria set forth in the employment agreements had been met and determined to increase the base salaries of Messrs. Hastings, Beatty and Whiteley by 10%. The employment agreements provide for participation in our 2013 Long-Term Incentive Plan with an annual cash performance bonus of at least 50% and as much as 150%, for Messrs. Hastings and Beatty, and at least 40% and as much as 120%, for Mr. Whiteley, of twelve times such executive's highest paid monthly base salary within the calendar year. In addition, the executives each receive a monthly automobile allowance.

The employment agreements provide that, in the event of a termination of an executive's employment by us without cause (as defined in the employment agreements) or if, within six months of a change of control (as defined in the employment agreements), the executive resigns or we do not renew his employment agreement upon its expiration, upon the execution of a full and final release in favor of us, we will pay him the following no later than 52 days after his termination (or, if in connection with a change of control, no later than six months after his termination): (i) all accrued but unpaid base salary and vacation; (ii) a prorated portion of any bonus for the year the executive was terminated; (iii) a payment equal to the previous two years' bonuses; (iv) a severance amount equal to 24 months of base salary; and (v) reimbursement of premiums associated with continuation of coverage through COBRA for a period of up to 18 months. The Merger was expressly excluded from the definition of a change of control under the employment agreements.

The employment agreements restrict our executives from disclosing confidential information we use to compete in the marketplace for any purpose other than to advance our interests. At our option, in our sole discretion, upon payment to an executive of an amount equal to twelve months of his base salary plus 100% of his possible bonus, for one year following his termination, the executive may not directly or indirectly solicit or accept business from any of our customers (as defined in the employment agreement), or solicit or induce any employee to leave us.

Other Employment Benefits

Our executives also participate in our other benefit plans on the same terms as our other employees. These plans include medical, dental and life insurance and retirement savings plans. Included in such plans are a 401(k) Plan we offer to all eligible employees of our U.S. operations. Through May 31, 2015, we matched each employee's contributions up to a maximum of four percent of

the employee's base salary. Beginning June 1, 2015, our matching contribution was suspended indefinitely due to continuing weakened demand in the oil and natural gas industry.

Stock Awards

2013 Long-Term Incentive Plan

In connection with the Merger, our stockholders approved our 2013 Long-Term Incentive Plan. The plan reserves up to 792,513 shares of our common stock for issuance in accordance with the plan's terms, including a maximum of up to 396,256 shares that may be issued pursuant to awards of restricted stock. The purpose of the plan is to provide our employees who, by their position, ability and diligence are able to make important contributions to our growth and profitability, with an incentive to assist us in achieving our long-term corporate objectives, to attract and retain executive officers and other employees of outstanding competence and to provide such persons with an opportunity to acquire an equity interest in us. Our employees and employees of our subsidiaries are eligible to participate in the plan. The plan provides for the award of stock options, stock appreciation rights, restricted stock, stock units and performance cash awards.

Performance cash awards under this plan are determined primarily on the achievement of financial and operational performance metrics. In July 2014, we successfully issued long-term financing in the form of 10% senior secured notes due in July 2019. As a result of this achievement, Messrs. Hastings, Beatty and Whiteley were awarded an interim 2014 performance payment equal to approximately 50% of annual base salary compensation. The 2014 annual performance payment based on achievement of financial and operational performance metrics was awarded to Messrs. Hastings, Beatty and Whiteley in March 2015. The 2015 annual performance payment based on achievement of financial and operational performance metrics was awarded to Messrs. Hastings, Beatty and Whiteley in March 2016. Payment of the 2015 award has been deferred until our liquidity improves. See Note 2 of "Notes to Consolidated Financial Statements" in our 2015 Form 10-K.

The Compensation Committee determined that the maximum potential share-based compensation awards under the Plan would be based 45% on financial performance and 55% on an unconditional grant. Messrs. Hastings and Beatty are eligible to earn restricted stock and stock option awards of up to 100% of base salary compensation and Mr. Whiteley is eligible to earn restricted stock and stock option awards of up to 75% of base salary compensation.

On June 18, 2015, our Board of Directors, upon the recommendation of the Compensation Committee, made restricted stock unit and incentive stock option grants under the Plan to our executive officers as part of across-the-board awards to employees based on our 2014 performance and the respective employee's compensation plan. Since the 2014 financial performance objectives were not achieved, only the unconditional grant was awarded. The unconditional grant was allocated equally to restricted stock units and incentive stock options based upon our common stock closing price on January 2, 2015 of \$4.12 and incentive stock options valued using the Black-Scholes options pricing model. The January 2, 2015 closing stock price represented the timing of initial discussions by the Compensation Committee of potential Plan awards. The grants were effective June 29, 2015 and vest one-third on the date which is 90 days after the issuance and one-third each on the first and second anniversaries of the grant. The incentive stock options were granted with an exercise price of \$4.12 and expire upon the earlier of termination of employment or ten years after the grant date.

Outstanding Equity Awards at Fiscal Year-End

The following table provides information about the holdings of stock options and restricted stock units by our named executive officers at December 31, 2015:

Name	Option Awards				Stock Awards	
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable (1)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)(1)	Market Value of Shares or Units of Stock That Have Not Vested \$(2)
Jeff Hastings	25,776	51,551	\$4.12	6/29/2025	25,132	\$51,018
Brian Beatty	25,776	51,551	\$4.12	6/29/2025	25,132	\$51,018
Brent Whiteley	13,046	26,092	\$4.12	6/29/2025	12,720	\$25,822

- (1) One-half of the unexercisable options and unvested restricted stock units will vest on June 29, 2016 and one-half will vest on June 29, 2017.
(2) The market value of the unvested restricted stock units is based on the \$2.03 market price of our common stock on December 31, 2015.

Director Compensation

General

Each non-employee director receives \$25,000 annually in cash for Board service, payable quarterly in advance. In addition, each independent director serving on a committee receives \$50,000 annually in cash for committee service, and the Chairman of our Audit Committee receives an additional \$20,000 annually in cash, in each case payable quarterly in advance. On December 1, 2015, our Board approved grants of restricted stock under the 2013 Non-Employee Director Share Incentive Plan ("Non-Employee Director Plan") to our non-employee directors serving on a committee of our Board. Each non-employee director was granted the number of shares equal to \$50,000 divided by the average of the last sale prices of our common stock for five consecutive trading days ending two days before issuance. Messrs. Dalton, Monahan, Rosenfeld and Sgro each received 20,920 shares of our common stock pursuant to those awards, and the shares vested upon issuance.

The following table summarizes the compensation earned by our non-employee directors in 2015:

Name (1)	Fees Earned or Paid in Cash (\$)	Stock Awards (\$) (2)	All Other Compensation (\$)	Total (\$)
Gary Dalton	75,000	49,999	—	124,999
Gregory R. Monahan	75,000	49,999	—	124,999
Eric S. Rosenfeld	75,000	49,999	—	124,999
David D. Sgro	95,000	49,999	—	144,999

- (1) Jeff Hastings, Brian Beatty and Brent Whiteley are not included in this table because they were our employees during 2015, and received no compensation for their services as members of our Board. The compensation received by Messrs. Hastings, Beatty and Whiteley as employees during 2015 is shown in the section entitled "Executive Compensation — Summary Compensation Table" under this Item 11.
(2) All of the amounts shown above represent the value as of December 1, 2015, the date of grant, of common stock granted under the Non-Employee Director Plan to our non-employee directors serving on a committee of the Board, as described above.

Non-Employee Director Plan

The Non-Employee Director Plan provides for discretionary grants of awards of common stock to our independent non-employee directors, as determined by our Board of Directors from time to time. The awards may take the form of unrestricted or restricted shares of our common stock or options to purchase shares of our common stock. We have reserved 400,000 shares of our common stock for issuance under the Non-Employee Director Plan, of which a total of 161,700 shares have been awarded as of April 20, 2016. The Non-Employee Director Plan is administered by the full Board of Directors.

ITEM 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

Security Ownership of Certain Beneficial Owners and Management

The following table sets forth information as of April 25, 2016, regarding the beneficial ownership of our common stock by:

- each person known to be the beneficial owner of more than five percent of our outstanding shares of common stock;
- each of our Directors and our Named Executive Officers; and
- all current Executive Officers and Directors as a group.

Unless otherwise indicated, we believe that all persons named in the table have sole voting and investment power with respect to all shares of common stock beneficially owned by them.

Name and Address of Beneficial Owner ⁽¹⁾	Beneficial Ownership as of April 25, 2016 ⁽²⁾	
	Amount and Nature of Beneficial Ownership	Approximate Percentage of Beneficial Ownership
<i>Directors and Executive Officers:</i>		
Jeff Hastings ⁽³⁾	7,833,214 ⁽⁴⁾	44.9% ⁽⁵⁾
Brian Beatty ⁽³⁾	7,833,214 ⁽⁶⁾	44.9% ⁽⁵⁾
Brent Whiteley	7,833,214 ⁽⁷⁾	44.9% ⁽⁵⁾
Eric S. Rosenfeld ⁽⁸⁾	1,691,647 ⁽⁹⁾	9.7%
David D. Sgro ⁽⁸⁾	237,955 ⁽¹⁰⁾	1.4%
Gregory R. Monahan ⁽⁸⁾	120,731 ⁽¹¹⁾	*
Gary Dalton	40,425	*
All directors and executive officers as a group (10 persons)	8,366,753 ⁽¹²⁾	48.0%
<i>Five Percent Holders:</i>		
FMR LLC ⁽¹³⁾	2,366,307	13.6%
John P. Pecora ⁽¹⁴⁾	2,321,296	13.3%

* Less than 1%.

(1) Unless otherwise indicated, the business address of each of the individuals is 1160 Dairy Ashford Rd., Suite 160, Houston, Texas 77079.

(2) The percentage of beneficial ownership is calculated based on 17,451,353 shares of common stock deemed outstanding as of April 25, 2016. Such amounts do not take into account the shares that may be issued in the future under our 2013 Long Term Incentive Plan or 2013 Non-Employee Director Plan.

(3) The business address of this individual is 3333 8th Street SE, 3rd Floor, Calgary Alberta, T2G 3A4.

(4) Includes (i) 95,566 shares held directly by Jeff Hastings and (ii) 3,269,954 shares held directly by CLCH, LLC ("CLCH"), (iii) 28,178 shares that may be issued to the holders of Former SAE derivative securities upon their conversion or exercise, which are held in escrow and over which CLCH has voting control as nominee of the Company, (iv) 1,923,759 shares over which CLCH was granted voting control pursuant to voting proxy agreements, and (v) 37,463 shares issued to CLCH as representative of the Former SAE stockholders and held in escrow, which are not subject to voting proxies. Also includes the shares held by Brian Beatty and Seismic Management Holdings Inc. ("Seismic Holdings"), as set forth in note (6) below, and the shares directly owned by Brent Whiteley, as set forth in note (7) below. CLCH is controlled by Mr. Hastings, who is our Executive Chairman and a director. The business address for CLCH is 4721 Golden Spring Circle, Anchorage, Alaska 99507.

(5) Messrs. Hastings, Beatty and Whiteley are members of a "group" (as defined in Section 13(d)-3 of the Exchange Act) with CLCH, Seismic Holdings, Seismic Management, LLP ("Seismic LLP") and Sheri L. Beatty.

(6) Includes (i) 540,066 shares directly owned by Mr. Beatty, (ii) 450,058 shares over which Mr. Beatty was granted voting control pursuant to voting proxy agreements, and (iii) 1,196,846 shares directly owned by Seismic Holdings. Also includes the shares held by Mr. Hastings and CLCH as set forth in note (4) above, and the shares directly owned by Mr. Whiteley as set forth in note (7) below. Seismic Holdings is controlled by Mr. Beatty, who is our Chief Executive Officer and President, and a director, and his wife, Sheri L. Beatty. The business address for Seismic Holdings and Seismic LLP is 59 Westpoint Court SW, Calgary, AB, T3H 4M7.

(7) Includes 291,324 shares directly owned by Mr. Whiteley, and includes the shares held by Mr. Hastings and CLCH as set forth in note (4) above, and the shares held by Mr. Beatty and Seismic Holdings as set forth in note (6) above. Mr. Whiteley is our Chief Financial Officer, General Counsel and Secretary, and a director.

(8) The business address of this individual is 777 Third Avenue, 37th Floor, New York, New York 10017.

(9) Eric S. Rosenfeld has entered into a voting proxy agreement with CLCH, an affiliate of Mr. Hastings, covering 1,323,865 shares of the 1,691,647 shares of common stock he directly owns.

(10) David D. Sgro has entered into a voting proxy agreement with CLCH, an affiliate of Mr. Hastings, covering 157,530 shares of the 237,955 shares of common stock he directly owns.

(11) Gregory R. Monahan has entered into a voting proxy agreement with CLCH, an affiliate of Mr. Hastings, covering 79,906 shares of the 120,731 shares of common stock he directly owns.

(12) In addition to all shares directly owned by our directors and executive officers, also includes (i) the 28,178 shares that may be issued to the holders of Former SAE derivative securities upon their conversion or exercise, which are held in escrow and over

- which CLCH has voting control as nominee of the Company, (ii) the 37,463 shares issued to CLCH as representative of the Former SAE stockholders and held in escrow, which are not subject to voting proxies, (iii) 285,517 of the shares over which CLCH was granted voting control pursuant to voting proxy agreements (which excludes the 1,638,242 shares over which CLCH was granted voting control that are held by our directors and executive officers), and (iv) 450,058 of the shares over which Mr. Beatty was granted voting control pursuant to voting proxy agreements.
- (13) The business address of the reporting person is 245 Summer Street, Boston, Massachusetts 02210. The foregoing information was derived from a Schedule 13G filed on September 10, 2015.
- (14) The business address of the reporting person is 130 Montadale Drive, Princeton, New Jersey 08540. The foregoing information was derived from a Form 4 filed on November 9, 2015.

Securities Authorized for Issuance under Equity Compensation Plans

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plan (Excluding Securities Reflected in the First Column)
Equity compensation plans approved by security holders	459,056	\$ 2.17	463,054
Equity compensation plans not approved by security holders	—	—	—
Total	459,056	\$ 2.17	463,054

ITEM 13. *Certain Relationships and Related Transactions, and Director Independence.*

Related Person Policy

Our Code of Ethics requires us to avoid, wherever possible, all related party transactions that could result in actual or potential conflicts of interests, except under guidelines approved by our Board of Directors or the Audit Committee. Related-party transactions are defined as transactions in which (i) the aggregate amount involved will or may be expected to exceed \$120,000 in any calendar year, (ii) we or any of our subsidiaries are a participant, and (iii) any (a) executive officer, director or nominee for election as a director, (b) greater than five percent beneficial owner of shares of our common stock, or (c) immediate family member of any of the persons referred to in clauses (a) and (b), has or will have a direct or indirect material interest (other than solely as a result of being a director or a less than 10% beneficial owner of another entity). A conflict of interest situation can arise when a person takes actions or has interests that may make it difficult to perform his or her work objectively and effectively. Conflicts of interest may also arise if a person, or a member of his or her family, receives improper personal benefits as a result of his or her position.

All ongoing and future transactions between us and any of our officers and directors or their respective affiliates, including loans by our officers and directors, will be on terms we believe to be no less favorable to us than are available from unaffiliated third parties. Such transactions or loans, including any forgiveness of loans, will require prior approval by a majority of our disinterested “independent” directors or the members of our Board who do not have an interest in the transaction, in either case who had access, at our expense, to our attorneys or independent legal counsel. We will not enter into any such transaction unless our disinterested “independent” directors determine that the terms of such transaction are no less favorable to us than those that would be available to us with respect to such a transaction from unaffiliated third parties.

Our Audit Committee, which is comprised of disinterested “independent” directors, pursuant to its written charter, is responsible for reviewing and approving related party transactions to the extent we enter into such transactions. The Audit Committee will consider all relevant factors when determining whether to approve a related party transaction, including the extent of the related party’s interest in the transaction. No director may participate in the approval of any transaction in which he is a related party, but that director is required to provide the Audit Committee with all material information concerning the transaction. Additionally, we require each of our directors and executive officers to complete an annual directors’ and officers’ questionnaire that elicits information about related party transactions.

These procedures are intended to determine whether any such related party transaction impairs the independence of a director or presents a conflict of interest on the part of a director, employee or officer.

Related Person Transactions

We summarize below certain related person transactions that we entered into prior to or in connection with the Merger. With the exception of the transaction described in the immediately following paragraph, none of these transactions is ongoing as of April 20, 2016.

Three of our directors, Eric S. Rosenfeld, David D. Sgro and Gregory R. Monahan, have registration rights for some portion of the shares of our common stock owned by them that they originally purchased in the initial private offering of our shares of common stock as set forth in a registration rights agreement dated June 20, 2011. As of June 24, 2014, holders of a majority of the initially issued shares have the right to demand up to two registration rights, and holders of such initial shares have piggy-back rights on any offering of our common stock or securities exercisable or exchangeable for our common stock. CLCH, LLC ("CLCH"), an affiliate of Jeff Hastings, Executive Chairman of the Board, pursuant to a registration rights agreement dated June 24, 2013, has one right to demand registration of its shares of our common stock that it acquired in the Merger, and has similar piggy-back rights to those held by Messrs. Rosenfeld, Sgro and Monahan. We will bear the expenses incurred in connection with any registration statement filed as a result of the exercise of any demand registration rights.

In connection with the Merger, the outstanding Series A Convertible Preferred Stock of Former SAE (the "Preferred Shares") owned by CLCH, was redeemed for \$5,000,000. Dividends on the Preferred Shares of \$1,072,000 were paid to CLCH during the year ended December 31, 2014.

In connection with the Merger, we issued a promissory note in the principal amount of \$17,500,000 to CLCH, as a representative of the Former SAE stockholders, as Merger consideration to the Former SAE stockholders. The promissory note was repaid with interest on July 2, 2014, at which time principal and interest in the approximate amounts of \$9,873,000; \$3,581,000; \$853,000; \$127,000 and \$93,000 were received by CLCH, Seismic, Mr. Whiteley, Mr. Scott, and Mr. Silvernagle, respectively.

Prior to the Merger, Mr. Rosenfeld and David D. Sgro, Chief Financial Officer and a director prior to the Merger and now a director, held convertible promissory notes for working capital advanced to us in the amounts of \$300,000 and \$200,000 respectively. On January 8, 2014, Messrs. Rosenfeld and Sgro elected to convert the full principal balance of the notes into warrants to purchase an aggregate of 1,000,000 shares of our common stock, and tendered such warrants in a cashless exchange for an aggregate of 100,000 shares of our common stock as part of a warrant exchange we completed in February 2014.

Director Independence

We adhere to the rules of Nasdaq in determining whether a director is independent. Our Board of Directors consults with our counsel to ensure that the Board's determinations are consistent with those rules and all relevant securities and other laws and regulations regarding the independence of directors. The Nasdaq listing standards define an "independent director" as a person, other than an executive officer of a company or any other individual having a relationship which, in the opinion of the issuer's Board of Directors, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. Consistent with these considerations, our Board of Directors has affirmatively determined that Messrs. Dalton, Rosenfeld, Sgro and Monahan are independent directors. Our independent directors have regularly scheduled meetings at which only independent directors are present.

Former Controlled Company Status

After the Merger, we were considered a "controlled company" for the purposes of the Nasdaq listing requirements, which is a corporation of which more than 50% of the voting power is held by an individual, a group or another company. Upon completing the common stock for senior secured notes exchange with FMR, LLC in August 2015, we were no longer considered a "controlled company." Due to this change, we appointed an independent director to the Compensation Committee and established a Nominating Committee comprised solely of independent directors. In accordance with Nasdaq listing requirements, our Board is comprised of a majority of independent directors; our Board nominees are selected by a Nominating Committee comprised entirely of independent directors, and we maintain a Compensation Committee comprised entirely of independent directors.

ITEM 14. Principal Accountant Fees and Services.

Principal Auditor Fees and Services

In connection with the audits of the 2014 and 2015 financial statements, we entered into an engagement agreement with Pannell Kerr Forster of Texas, P.C. ("PKF") that sets forth the terms by which PKF would perform audit services for us. The following table shows the fees billed to us or accrued by us for the audit and other services provided by PKF:

	2015	2014
Audit Fees ⁽¹⁾	\$ 530,010	\$ 557,308
Audit-Related Fees ⁽²⁾	7,213	—
Tax Fees	—	—
All Other Fees	—	—
Total	\$ 537,223	\$ 557,308

(1) Audit fees consist primarily of the audit and quarterly reviews of the consolidated financial statements, consents and assistance with and review of documents filed with the SEC.

(2) Audit-related fees consist of due diligence services.

Pre-Approval of Audit and Non-Audit Services

Our Audit Committee charter provides that all audit services and non-audit services must be pre-approved by the Audit Committee. The Audit Committee may delegate authority to grant pre-approvals of audit and permitted non-audit services to a subcommittee consisting of one or more members of the Audit Committee, provided that any pre-approvals granted by any such subcommittee must be presented to the full Audit Committee at its next scheduled meeting. From time to time, the Audit Committee has delegated to the chairman of the committee the authority to pre-approve audit, audit-related and permitted non-audit services.

All non-audit services were reviewed with the Audit Committee or the chairman, which concluded that the provision of such services by PKF were compatible with the maintenance of such firm's independence in the conduct of its respective auditing function.

EXHIBIT INDEX

Exhibit No.	Description	Included	Form	Filing Date
1.1	Form of Underwriting Agreement.	By Reference	S-1/A	April 28, 2011
2.1	Agreement and Plan of Reorganization dated as of December 10, 2012, by and among the Registrant., Trio Merger Sub, Inc., SAExploration Holdings, Inc. and CLCH, LLC.	By Reference	8-K	December 11, 2012
2.2	First Amendment to Agreement and Plan of Reorganization dated as of May 23, 2013, by and among the Registrant, Trio Merger Sub, Inc., SAExploration Holdings, Inc. and CLCH, LLC.	By Reference	8-K	May 28, 2013
3.1	Second Amended and Restated Certificate of Incorporation.	By Reference	8-K	June 28, 2013
3.2	Amended and Restated Bylaws.	By Reference	8-K	June 28, 2013
4.1	Specimen Common Stock Certificate.	By Reference	8-K	June 28, 2013
4.2	Specimen Warrant Certificate.	By Reference	8-K	June 28, 2013
4.3	Form of Warrant Agreement by and between Continental Stock Transfer & Trust Company and the Registrant.	By Reference	S-1/A	April 28, 2011
4.4	Amendment to Warrant Agreement dated June 24, 2013, by and between Continental Stock Transfer & Trust Company and the Registrant.	By Reference	8-K	June 28, 2013
4.5	Indenture, dated July 2, 2014, by and among the Company, the guarantors named therein and U.S. Bank National Association, as trustee and noteholder collateral agent.	By Reference	8-K	July 9, 2014
4.6	Form of 10.000% Senior Secured Notes due 2019.	By Reference	10-Q	August 7, 2015
4.7	Notation of Guarantee executed June 19, 2015, among the Company, SAExploration Sub, Inc., SAExploration, Inc., SAExploration Seismic Services (US), LLC, and NES, LLC.	By Reference	10-Q	August 7, 2015
10.1	Indemnity Escrow Agreement dated as of June 24, 2013, by and among SAExploration Holdings, Inc., CLCH, LLC, and Continental Stock Transfer & Trust Company.	By Reference	8-K	June 28, 2013
10.2	Merger Consideration Escrow Agreement dated as of June 24, 2013, by and among SAExploration Holdings, Inc., CLCH, LLC, and Continental Stock Transfer & Trust Company.	By Reference	8-K	June 28, 2013

10.3	Registration Rights Agreement dated June 24, 2013 by and between SAExploration Holdings, Inc. and CLCH, LLC.	By Reference	8-K	June 28, 2013
10.4	Form of Indemnification Agreement.	By Reference	8-K	June 28, 2013
10.5	Employment Agreement dated June 24, 2013, by and between SAExploration Holdings, Inc. and Jeff Hastings.	By Reference(*)	8-K	June 28, 2013
10.6	Employment Agreement dated June 24, 2013, by and between SAExploration Holdings, Inc. and Brian Beatty.	By Reference(*)	8-K	June 28, 2013
10.7	Employment Agreement dated June 24, 2013, by and between SAExploration Holdings, Inc. and Brent Whiteley.	By Reference(*)	8-K	June 28, 2013
10.8	Form of Non-Disclosure Agreement between the Registrant and each of Jeff Hastings, Brian Beatty and Brent Whiteley.	By Reference	8-K	June 28, 2013
10.9	Employment Agreement dated July 1, 2011, by and between SAExploration, Inc. (f/k/a South American Exploration LLC) and Mike Scott.	By Reference(*)	8-K	June 28, 2013
10.10	Employment Agreement dated July 15, 2011, by and between SAExploration, Inc. (f/k/a South American Exploration LLC) and Darin Silvernagle.	By Reference(*)	8-K	June 28, 2013
10.11	SAExploration Holdings, Inc. 2013 Long-Term Incentive Plan.	By Reference(*)	8-K	June 28, 2013
10.12	SAExploration Holdings, Inc. 2013 Non-Employee Director Share Incentive Plan.	By Reference(*)	8-K	August 19, 2013
10.13	Form of Notice of Stock Award and Agreement under the SAExploration Holdings, Inc. 2013 Non-Employee Director Share Incentive Plan between the Registrant and each of Gary Dalton, Gregory R. Monahan, Eric S. Rosenfeld and David D. Sgro.	By Reference(*)	S-4/A	December 10, 2013
10.14	Form of Letter Agreement among the Registrant, EarlyBirdCapital, Inc. and each of the Registrant's Officers, Directors and Initial Stockholders.	By Reference	S-1/A	April 28, 2011
10.15	Form of Investment Management Trust Agreement between Continental Stock Transfer & Trust Company and the Registrant.	By Reference	S-1/A	May 23, 2011
10.16	Form of Registration Rights Agreement among the Registrant and the Initial Stockholders and EarlyBirdCapital, Inc.	By Reference	S-1/A	April 28, 2011

10.17	Form of Subscription Agreements among the Registrant, Graubard Miller and the Purchasers of Insider Warrants and EBC Warrants.	By Reference	S-1/A	April 28, 2011
10.18	Form of Warrant Consent and Support Agreement.	By Reference	8-K	December 11, 2012
10.19	Security Agreement, dated July 2, 2014, by and among the Company, the guarantors named therein and U.S. Bank National Association, as noteholder collateral agent.	By Reference	8-K	July 9, 2014
10.20	Registration Rights Agreement, dated July 2, 2014, by and among the Company, the guarantors named therein and Jefferies LLC, as initial purchaser.	By Reference	8-K	July 9, 2014
10.21	Employment Agreement dated as of September 29, 2014, between the Registrant and Trisha M. Gerber.	By Reference(*)	10-Q	November 7, 2014
10.22	Non-Disclosure Agreement dated as of September 29, 2014, between the Registrant and Trisha M. Gerber.	By Reference(*)	10-Q	November 7, 2014
10.23	Credit and Security Agreement, dated November 6, 2014, by and among SAExploration, Inc. as Borrower, SAExploration Holdings, Inc., SAExploration Sub, Inc., SAExploration Seismic Services (US), LLC, and NES, LLC as Guarantors, and Wells Fargo Bank, National Association as Lender.	By Reference	8-K	November 12, 2014
10.24	Intercreditor Agreement, dated November 6, 2014, by and between Wells Fargo Bank, National Association, as Lender, U.S. Bank National Association, as Trustee and Collateral Agent, and acknowledged and consented to by the Loan Parties (as defined therein).	By Reference	8-K	November 12, 2014
10.25	Exchange Agreement by and among SAExploration Holdings, Inc., Fidelity Securities Fund: Fidelity Leveraged Company Stock Fund and Fidelity Advisor Series I: Fidelity Advisor Leveraged Company Stock Fund dated August 26, 2015.	By Reference	8-K	August 27, 2015
10.26	Form of Notice of Stock Units Award and Stock Units Award Agreement under the SAExploration Holdings, Inc. 2013 Long-Term Incentive Plan.	By Reference(*)	10-Q	August 7, 2015
10.27	Form of Notice of Stock Option Award and Stock Option Award Agreement under the SAExploration Holdings, Inc. 2013 Long-Term Incentive Plan.	By Reference(*)	10-Q	August 7, 2015
14.1	Code of Ethics.	By Reference	S-1/A	April 28, 2011
21.1	List of subsidiaries.	By Reference	S-4	April 30, 2015

23.1	Consent of Pannell Kerr Forster of Texas, P.C.	By Reference	10-K	March 15, 2016
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Herewith		
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Herewith		
32.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	By Reference	10-K	March 15, 2016
32.2	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	By Reference	10-K	March 15, 2016
101.IN	XBRL Instance Document.	By Reference	10-K	March 15, 2016
101.SCH	XBRL Taxonomy Extension Scheme Document.	By Reference	10-K	March 15, 2016
101.CAL	XBRL Taxonomy Calculation Linkbase Document.	By Reference	10-K	March 15, 2016
101.DEF	XBRL Taxonomy Extension Definition Document.	By Reference	10-K	March 15, 2016
101.LAB	XBRL Taxonomy Label Linkbase Document.	By Reference	10-K	March 15, 2016
101.PRE	XBRL Taxonomy Presentation Linkbase Document.	By Reference	10-K	March 15, 2016

(*) Denotes compensation arrangement.

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

I, Brian A. Beatty, certify that:

1. I have reviewed this annual report on Form 10-K/A (Amendment No. 1) for the year ended December 31, 2015 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: April 29, 2016

/s/ Brian A. Beatty

Brian A. Beatty
President and Chief Executive Officer
(Principal Executive Officer)

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

I, Brent Whiteley, certify that:

1. I have reviewed this annual report on Form 10-K/A (Amendment No. 1) for the year ended December 31, 2015 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: April 29, 2016

/s/ Brent Whiteley

Brent Whiteley

Chief Financial Officer, General Counsel and Secretary
(Principal Financial Officer)