Rocksource ASA
Annual Statement of Reserves 2009

Classification of Reserves and Contingent Resources
The volumes reported in this document include both reserves and contingent resources classified in accordance with the SPE PRMS guidelines. The use of this system is approved by the Oslo Stock Exchange as stated in the Circular 9/2009 "Listing and disclosure requirements for oil and natural gas companies".

All reserves are held by the Rocksource Group through its US subsidiaries Rocksource Energy Corporation and Sandhawk Energy LLC, both registered in Texas, USA. Rocksource Group owns a 91-100% Working Interest in the Morian NW, Morian NE, Morian SE, Drews Landing (Morian/Drews Landing), New Ace and Edny Duke fields described below, and has 63 – 75% Net Revenue Interest in any production from these fields. Most contingent resources are held by the Rocksource Group through its US subsidiary, Rocksource Gulf of Mexico Corporation. The exception to this is the Mulle discovery in UK licence P1067, which is held by Rocksource UK Ltd. All quoted volumes are the Rocksource Group share of the Net Revenue Interest and does not include royalty volumes belonging to the mineral lease owners.

The reporting date is 31st December 2009. During 2009 Rocksource completed the drilling program carried over from 2008 and finished two production wells and two exploration wells. One of the production wells was in the Morian/Drews Landing field and one in the New Ace field. The two exploration wells were drilled on the Granbury lease to the north of Morian/Drews Landing.

All of these wells have been completed and tested across multiple zones. The production well drilled in Morian/Drews Landing is now producing while the well in New Ace is considered sub commercial at current gas prices. Both of the two Granbury wells showed the presence of hydrocarbons and they were disposed of to another operator.

Production and reserves updates have been issued through regular stock exchange notices through the year (see www.rocksource.com for more information). Production rates were as predicted through the year starting at just under 2000 boepd at year end 2008 with an exit rate of 1100 boepd at 31st December 2009. The daily average through the year was 1313 boepd. The total net production for the year was 0.52 million boe, including fuel and losses.

The total reserve volume has declined from the 2008 report due partially to production and also as a consequence of low gas prices making proposed work over activities sub commercial. In addition the productivity in lower Wilcox has shown to be poorer than expected.

Reserves and Resources at 31st December 2009 are summarized in Table 1 and the Reserves Development in Table 2.

Reserves
New Ace and Morian / Drews Landing Fields
These lie within San Jacinto and Polk Counties Texas. The fields include multiple pay zones within the Wilcox Formation. At the end of 2008 the fields were estimated to contain P1 of 1.5 mmboe and P2 reserves of 1.3 mmboe (total 2.8). The current estimates at the end of 2009 are P1 of 0.9 mmboe and P2 of 0.5 mmboe giving a P1 + P2 total of 1.4 mmboe. The reduction from 2008 is due to production (0.5 mmboe) and part of the P2 reserves becoming uneconomic (0.9 mmboe) due to low gas price.

Migration of reserves and resources
The reduction in reserves is a consequence of produced gas and a transfer of some of the P2 reserves to contingent resources due to low gas prices.

Definition of Reserves
Our evaluation of reserves is done in accordance to SPE PRMS and reserves are reported as Proven Developed and Proven Undeveloped.

3rd Party Expert Audit
Rocksource commissioned Lincetter Energy Consultants Ltd (LEC) to perform an audit of the internally prepared reserve estimates. “LEC” provided the services of Mr J Galvin a Director of “LEC” and a professional petroleum engineering consultant with over 30 years of experience in the oil and gas industry to perform the audit during February 2010. Mr Galvin confirms the quantum and classification of reserves as set out in Tables 1 and 2.

Management Discussion and Analysis
2009 was a challenging year with many companies, including Rocksource, severely hit by the low gas price, especially at the start of the year. The low price led to a switch in emphasis for the company and much of the work that was required to achieve the P2 reserves reported in 2008 was no longer economic and activities were halted. The P1 reserves remained intact.

During 2009 the company was awarded a number of blocks in the Gulf of Mexico. Included in these awards were Blocks AC 903, 904 and 947 which contain the Trident Field discovered by Unocal in 2001. The operator prior to relinquishment (Chevron) published an estimated resource potential of 100 million barrels of oil, which is included here as a contingent resource. Rocksource is currently reviewing development opportunities to allow this to be converted to reserves. Other contingent resources include discoveries in Gulf of Mexico licenses EB 832, EB 475, onshore Morian/Drews Landing & New Ace and P1067 (Mulle) in the UK North Sea. The combined contingent resources in these fields is 10 million barrels of oil equivalent.

Evaluation of reserves was performed internally by Rocksource’s staff and audited by an independent 3rd party expert. Input has also come from staff of Rocksource’s subsidiaries who operate the field. Standard geological and engineering techniques accepted by the petroleum industry are used in estimating reserves and resources. These techniques rely on scientific interpretation and judgment and as such are only estimates, not exact quantities. It should be recognised that as such, reserves and resources may increase or decrease as more data become available or as interpretations and regulations change.

Economic calculations are based on 60 USD per barrel/5.5 USD per mcf and a conversion factor of 1 boe = 5.6 mcf has been used where appropriate.

Oslo 17.2.2010
Rocksource ASA

Trygve Pedersen
CEO

Table 1. Reserves and Resource Summary 31.12 2009

Reserves										
Developed assets										
	1P / P90					2P / P50				
As of 31.12.2009	Liquids	Gas		Interest	Net	Liquids	Gas		Interest	Net
Field	mmbbl	bcf	mmboe	%	mmboe	mmbbl	bcf	mmboe	%	mmboe
New Ace	0.03	0.89	0.19	70.00	0.13	0.03	1.11	0.23	70.00	0.16
Morian/DL field	0.04	2.13	0.42	75.00	0.32	0.05	2.66	0.53	75.00	0.40
Total					**0.45**					**0.56**
Under development										
	1P / P90					2P / P50				
As of 31.12.2009	Liquids	Gas		Interest	Net	Liquids	Gas		Interest	Net
Field	mmbbl	bcf	mmboe	%	mmboe	mmbbl	bcf	mmboe	%	mmboe
New Ace	0.10	1.65	0.40	70.00	0.28	0.17	2.75	0.66	70.00	0.46
Morian/DL field	0.05	1.36	0.29	75.00	0.22	0.08	2.27	0.48	75.00	0.36
Total					**0.49**					**0.82**

Table 2. Reserves Development

Reserves Development						
	Developed assets		**Under development**		**Total Reserves**	
	1P / P90	2P / P50	1P / P90	2P / P50	1P / P90	2P / P50
	mmboe	mmboe	mmboe	mmboe	mmboe	mmboe
Reserves pr. 31.12.2008**					1.50	2.80
2009 Production					0.52	0.52
Revision of reserves					-0.06	-0.90
Reserves pr. 31.12.2009	0.45	0.56	0.49	0.82	**0.92**	**1.38**

**Previous ASR did not include the split between developed/under development.