

Rocksource ASA

Annual Statement of Reserves 2008

Classification of reserves and contingent resources

The volumes reported in this document include both reserves and contingent resources classified in accordance with the SPE/AAPG/WPG guidelines. The use of this system is approved by the Oslo Stock Exchange as stated in the Circular 2/2007 "Guidelines for the disclosure of hydrocarbon reserves, contingent resources and results from exploration activities".

All reserves and contingent resources are held by Rocksource through its US subsidiaries Rocksource Energy Corporation and Sandhawk Energy LLC, both registered in Texas, USA. Rocksource owns a 91-100% working interest in the New Ace, Drews Landing and Edny Duke fields described below, and has 63-75% net revenue interest in any production from these fields. All quoted volumes are Rocksource's share of the net revenue interest and does not include royalty volumes belonging to the mineral lease owners.

The reporting date is 31 December 2008. During 2008 Rocksource drilled 3 production wells and 1 exploration well which have impacted reserves and resources. The drilling campaign continued into early 2009 when two further wells were drilled (one production and one exploration well). Of the 2008 wells one was in the New Ace Field and two were in Drews Landing. The exploration well was drilled on the Granbury lease to the north of Drews Landing.

All of these wells have been completed and tested across multiple zones. The wells in Drews Landing and New Ace are now producing. The two Granbury wells showed presence of hydrocarbons, although to date this has not resulted in production at rates that are commercial at current prices. 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 2,000 barrels of oil equivalent per day (boepd) at year end 2007 with an exit rate of 2,300 boepd at 31 December 2008. The daily average through the year was 2,355 boepd, up from 656 boepd in 2007. The total production for the year was 0.86 million barrels of oil equivalent (mmboe) up from 0.24 mmboe in 2007.

The total reserve volume has declined from the 2007 report due partially to production and also as a consequence of significantly lower prices making some proposed work-over activities, including stimulations in the lower permeability zones, uneconomic.

Reserves and resources at 31 December 2008 are summarised in Table 1.

Reserves

New Ace and Drews Landing fields:

These two fields lie within San Jacinto and Polk Counties Texas. The fields include multiple pay zones within the Wilcox Formation. At the end of 2007 the fields were estimated to contain P1 reserves of 2.7 mmboe and P2 reserves of 2.1 mmboe (total 4.8 mmboe). The current reserves estimates are P1 of 1.5 mmboe and P2 of 1.3 mmboe giving a total P1 + P2 reserves of 2.8 mmboe. The reduction from 2007 is due to production (0.9 mmboe) and some of the reserves becoming uneconomic at the current low prices (1.1 mmboe).

Contingent resources

Contingent Resources include volumes of gas that occur in the low permeability intervals in the Lower Wilcox in New Ace and Drews Landing; bypassed oil in the upper part of New Ace and undeveloped resources in Edny Duke. These are subdivided as follows: Gas in the Upper Wilcox in New Ace, 2.2 mmboe; Oil in the Upper Wilcox in New Ace 1.4 mmboe; Tight gas in Drews Landing 2.1 mmboe and undeveloped resources in Edny Duke 0.3 mmboe. The P50 for the Contingent Resources is 6.0 mmboe. This is a decrease from 8.1 mmboe as of 31 December 2007 due to a shallower water contact in the upper Wilcox in New Ace and the reinterpretation of a structure in Edny Duke to lie outside of the lease area. Lower prices have also significantly impacted the possible economics of several planned development projects.

Migration of reserves and resources

The reduction in reserves is a consequence of production and a change in status for some of the reserves in Drews Landing becoming uneconomic. Change in resources is due to new data collected on the pool through the year and the lower prices. Gas discovered in Granbury in January 2009 is currently being evaluated, and has not been included in this analysis.

Management discussion and analysis

Evaluation of reserves was performed internally by Rocksource's experienced staff. In the absence of reserve based lending internal assessment coupled with quality control were considered the most efficient way to review and report the reserves. Standard geological and engineering techniques accepted by the petroleum industry are used in estimating reserves and resources. These techniques rely on scientific interpretation and judgement and as such are only estimates. 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 40 USD per barrel/3.5 USD per mcf (down from 80/7.5) and a conversion factor of 1boe = 5.6 mcf has been used where appropriate.

Rocksource Reserves and Resources Summary

Developed Assets							Contingent Resources			
Field	P1/P90			P2/P50 (including 1P)			Field	C2/P50		
	Liquids (mmbbl)	Gas (bcf)	Net (mmboe)	Liquids (mmbbl)	Gas (bcf)	Net (mmboe)		Liquids (mmbbl)	Gas (bcf)	Net (mmboe)
New Ace	0.1	1.1	0.3	0.3	3.8	1.0	New Ace			3.6
Drews Landing	0.1	6.4	1.3	0.2	9.0	1.8	Drews Landing	0.3	10.1	2.1
Edny Duke							Edny Duke			0.3
Totals	0.2	7.4	1.5	0.5	12.8	2.8	Totals	0.3	10.1	6.0

Table 1. Reserves and resource summary 31.12.2008

Oslo, 29.4.2009
Rocksource ASA

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CEO