Rocksource ASA
Second quarter and first half year 2009 report

Low gas prices and technical challenges in key onshore producing wells in the US led to a drop in revenues for Rocksource in the second quarter of 2009. Compared to previous quarter revenue dropped from NOK 29.1 million to NOK 22.6 million, exploration costs increased with NOK 30.4 million while net loss improved slightly from NOK 41.0 million to NOK 39.1 million.

The company successfully completed a private placement in June, and in July and early August Rocksource announced important additions to its exploration portfolio.

The upcoming drill queue of six high potential wells, of which four are firm, consists of CSEM positive prospects aiming to test net risked resources of more than 400 million barrels of oil equivalent (boe). In addition the entry into the Gulf of Mexico offers short to medium term production opportunities.

Q2 and subsequent key events

- Entry into Gulf of Mexico with CSEM positive prospects on eight leases
  - Low risk drilling targets, several short term drilling opportunities
  - Added 30 million boe net risked resources and 5 million boe of contingent resources net to Rocksource

- Further progress on AGC license in West Africa
  - CSEM analysis returned positive results with considerable de-risking and improved understanding of size and prospectivity in the license
  - Drilling of high impact well in 2010, considerable increase in volumes with net resources on the license of 145 million boe

- Strengthening of balance sheet
  - Private placement successfully completed raising NOK 126 million in a considerably oversubscribed offering
  - Funds to support aggressive growth strategy

- Low prices and production challenges reflected in low turnover for the quarter
  - Actions taken, production improving in August
  - 2009 guidance revised down to 1,300 boepd from 1,700 boepd

- Further strengthening of technological platform through strategic position in two technology companies, supplementing Rocksource's strong EM position
  - TechnoImaging LLC, strong EM interpretation skills
  - Geocontrast, focuses on EM in production

Key financial & operational figures

NOK 1,000		Q2 2009	Q2 2008	1H 2009	1H 2008	2008
Operating income		22 576	89 988	51 659	149 919	287 175
Exploration costs		(53 402)	(36 612)	(76 392)	(59 565)	(147 108)
EBITDA	(1)	(56 814)	29 969	(81 474)	46 953	14 629
Net profit/(loss)		(39 094)	42 432	(80 050)	45 972	60 918
Basic earnings per share (NOK)	(2)	(0.254)	0.285	(0.532)	0.308	0.409
Investment	(3)	17 636	19 143	58 998	43 737	110 109
Cash balance		265 027	163 054	265 027	163 054	269 381
Available, undrawn credit facility		151 000	50 000	151 000	50 000	205 000
Net risked resources, million boe		780	136	780	136	388
Net average production boepd		1 422	2 551	1 564	2 353	2 355
Realised gas price $/mcf		4.02	12.3	4.35	10.8	9.76

(1) Earnings before interest, taxes, depreciation and amortisation

(2) Adjusted for reverse split of shares

(3) Cash effect investment in assets and companies

Portfolio review

License/PSC	Country	Equity	Operator	Awarded	CSEM status	Upcoming events
PL 416	NCS	35 %	E-on	APA 2006	CSEM positive	Work programme completed. Drill or drop decision
PL 441	NCS	40 %	DNO	APA 2006	CSEM negative	Work programme completed. Relinquished, 1st Quarter 2008
PL 451	NCS	20 %	Noreco	APA 2007	CSEM positive	3D seismic acquisition and processing ongoing
PL 456	NCS	100 %	Rocksource	APA 2007	CSEM negative	Work programme completed. Relinquished, 1st Quarter 2009
PL 480	NCS	20 %	StatoilHydro	APA 2007	CSEM processing	CSEM processing. Work programme completed. Drill or drop decision
PL 506S	NCS	50 %	Rocksource	APA 2008	Not yet tested	3D seismic acquisition
PL 515	NCS	60 %	Rocksource	APA 2008	CSEM processing	Result of CSEM processing then 3D seismic decsision
PL 528	NCS	30 %	Petro-Canada Norge	20th Round	CSEM positive	Planning 3D seismic acquisition
PL 530	NCS	20 %	GDF Suez Norge	20th Round	CSEM positive	Work program established, 3D seismic survey currently being processed
PL 535	NCS	20 %	Total E&P Norge	20th Round	CSEM positive	3D seimic acquisition in progress
P 1484	UKCS	15 %	OMV	24th Round	Not yet tested	Establish further activities after 75% relinquishment completed
P 1488	UKCS	15 %	OMV	24th Round	Not yet tested	Establish further activities after 75% relinquishment completed
P 1486	UKCS	10 %	Talisman	24th Round	Not yet tested	Establish further activities after 75% relinquishment completed
P 1553	UKCS	100 %	Rocksource	24th Round	n/a	Work programme completed. Relinquished, 1st Quarter 2009
P 1067	UKCS	10 %	DNO	farm-in	n/a	Work programme completed, further activities under evaluation
P 1378	UKCS	90 %	Rocksource	farm-in	CSEM negative	Work programme completed. Relinquished, 1st Quarter 2008
P 1638	UKCS	100 %	Rocksource	25th Round	Not yet tested	2D seismic data purchase
P 1573	UKCS	20 %	Nautical Petroleum	25th Round	Not yet tested	CSEM feasibility study
P 1574	UKCS	20 %	Nautical Petroleum	25th Round	Not yet tested	CSEM feasibility study
CY DWN 2001-1	India	10 %	ONGC	farm-in	CSEM positive	Decision on work programme/3rd well - awaiting OC meeting
AGC Profond	Senegal/ Guinea Bissau	*25%	Ophir	farm-in	CSEM positive	Well planning
Various	Gulf of Mexico	10-30%	Various	farm-in	CSEM positive	Decide on drilling schedule and further growth

* Assumes completion of the full farm-in, over two wells

Operational review

Rocksource is an exploration focussed oil and gas company and has during the last year successfully gained access to a number of quality exploration opportunities in Norway, UK, West Africa, India and Gulf of Mexico. Since the beginning of 2008 Rocksource has made significant additions to its exploration portfolio. Net risk resources have grown to approximately 800 million barrels of oil equivalent (mmboe) following the decision to drill a well on the AGC block in West Africa and the entry into Gulf of Mexico.

Exploration

INTERNATIONAL

Gulf of Mexico

Through the subsidiary Rocksource Gulf of Mexico Corporation (RGOM), Rocksource has entered into an agreement with Focus Exploration to acquire equity interest in eight offshore leases located in the Gulf of Mexico (GoM).

The farm-in adds approximately 30 mmboe of net risked resources to the exploration portfolio. Combining seismic amplitude data with CSEM resistivity data reduces uncertainty and allows Rocksource to create a portfolio of low risk prospects. This represents a further extension of the company's EM led exploration model, and enables Rocksource to add value to the partnerships in this mature but highly prolific oil and gas region. There are several short term drilling opportunities in the GoM licenses.

CSEM data has been acquired on all eight leases. The data are currently being processed, but three prospects already show well defined anomalies and represent very low risk drilling targets. There are several discoveries on the leases with contingent resources of 5 mmboe net to Rocksource, where CSEM can be used to delineate extent. The subsidiary RGOM will gain a 10-30 per cent working interest in the eight leases in exchange for an entry cost of approximately USD 2 million. In addition Rocksource will evaluate the acquired CSEM data.

The farm-in agreement is pending final approval of all partners in the leases, but is part of a greater GoM strategy to combine successful use of seismic amplitude data with CSEM resistivity data to create a portfolio of low risk prospects. This portfolio of leases gives Rocksource a very good foothold, and is an excellent position to expand further through auctions and additional inorganic growth.

West Africa

Following positive results from the CSEM processing Rocksource has chosen to enter into the Second Exploration Phase of the AGC Profond Production Sharing Contract (PSC). The Second Exploration Phase brings a commitment to drill one deepwater exploration well, which is anticipated in the third quarter of 2010. The well is expected to target the 'Cheval North' prospect, which is estimated to contain a mean resource of 429 mmboe, of which 107 mmboe net to Rocksource on the assumption that further rights to acquire up to a 25 per cent participating interest being a 28.4 per cent paying interest are exercised. Rocksource estimates the chance of success for the well targeting this prospect to be approximately 50 per cent.

The AGC Profond PSC covers a large tranche of the deepwater area (9,838 square kilometres) off the West African coast of Senegal and Guinea Bissau and contains multiple play intervals and currently has 16 prospects mapped within its limits. These represent a potential unrisked resource of approximately 1.7 billion barrels of oil equivalent (bboe).

The CSEM evaluation targeted four of these prospects and gross unrisked resources totalling 1.1 bboe. The results of the survey have shown that three of the initial four prospects are associated with robust and significant resistivity anomalies which have been interpreted by Rocksource to be likely caused by hydrocarbons. These CSEM positive prospects represent potential resources of more than 900 mmboe.

Additionally, a new prospect has also been identified on the basis of the CSEM evaluation. This stratigraphic trap, on the flank of the 'Cheval North' prospect, has an estimated mean resource size of approximately 200 mmboe and could be developed in tandem with any Cheval North discovery.

Initial well planning is in progress and preliminary well locations targeting the Cheval North prospect have been evaluated. The Rocksource financial commitment for this well is currently estimated at USD 12.5 million and will be subject to amendment as plans mature further. This contribution to the first well cost marks the second stage in the farm-in agreement between the two companies and will earn Rocksource a total of 15 per cent equity in the Production Sharing Contract (PSC), assuming participation in two wells. After completion of the two well work programme Rocksource will have earned a 25 per cent equity in the PSC.

The overall potential risked resource for the production sharing contract, net to Rocksource, is estimated at 145 mmboe.

India

The company is waiting for notification from the operator ONGC of the timing of the upcoming Operational and Management meetings related to the participation on block CY-DWN-2001/1 in India. Rocksource still expects drilling of one exploration well in 2010. The block contains world class prospectivity with several billion barrels gross unrisked resources.

NCS

Rocksource currently holds eight licenses offshore Norway consisting 18 blocks or part of blocks. After a very successful award of three licenses in the 20th licensing round Rocksource is now building up a high impact low risk drill queue including two firm wells on the Norwegian Continental Shelf (NCS). The work programmes on the newly awarded licenses have been established and all partners share a view of maturing the licenses as efficiently as possible. A 3D seismic survey is currently being acquired on PL 535. CSEM data has been acquired on PL 515 and PL 480, and a 3D seismic survey is currently being processed on PL 451.

UKCS

The Rocksource strategy in the UK has been to participate as a low equity player in partnerships that acknowledge and appreciate the benefit of Rocksource technology as a de-risking tool. The 75 per cent areal relinquishment of Frontier licenses have been completed in agreement with license partners. The evaluation of the Mulle discovery on P 1067 is ongoing.

ONSHORE US

Mapping the remaining exploration potential in the licensed acreage onshore Texas is undergoing in parallel with identifying new targets for acquisitions. Further seismic data has been purchased to increase the understanding of potential prospects. The evaluation of the Granbury discoveries is ongoing, but remains challenging commercially with the current low gas prices.

Production

The average production in the quarter was 1,422 barrels of oil equivalents (boepd), down from 1,707 boepd in the first quarter caused by technical challenges in key wells. Wells have been shut in to replace production tubing and allow for stimulation.

After the unforeseen fall in production over the last months and the effect of reduced prices Rocksource has revised down its production target for 2009 to 1,300 boepd, down from previously 1,700 boepd.

All wells are currently tied into sales, but low prices have impacted the turnover. Further stimulation of underperforming well will be evaluated.

Rocksource will continue its business development activities in the US. Due to the low gas prices new projects are currently being reviewed to find ways to improve production and cash flow. Cost levels have been adjusted to reflect ongoing activity levels and further changes in schedules are continuously being evaluated.

Technology

With the combined investment in TechnoImaging and the position taken in Geocontrast, the company has confirmed the strategically importance of continuously improving the scope and quality of its CSEM processing skills for Rocksource's existing and future business activities within hydrocarbon exploration, appraisal and production.

Financial summary

OPERATIONS

Turnover in the second quarter was NOK 22.6 million, a reduction of 22 per cent compared to previous quarter of NOK 29.1 million and NOK 90.0 million in the corresponding quarter 2008, a reduction due to lower production and continuous low gas prices in the US. Compared to an average gas price of USD 12.3 per mcf in the second quarter of 2008, the gas price was down to USD 4.0 per mcf in the second quarter of 2009, representing a reduction of 67 per cent.

Rocksource is an exploration oriented company. The purpose of the onshore production in the US is to generate cash flow in order to cover running costs and to support offshore led exploration.

The combined fall in gas prices, lower production, high exploration costs and weakened USD currency rate compared to the second quarter of 2008 gave a net result of minus NOK 39.1 million in the second quarter 2009 compared to positive NOK 42.4 million in the corresponding quarter 2008.

Exploration costs totalled NOK 53.4 million in the quarter, up from NOK 23.0 million in the previous quarter and up from NOK 36.6 million in the second quarter of 2008. The exploration costs were mainly related to awards and activities on the NCS and acquisition of seismic data onshore US. In addition there has been a focus on business development in the quarter, which resulted in a farm-in agreement in Gulf of Mexico in August 2009. Total exploration costs in second quarter, including internal costs, were NOK 60.7 million.

EBITDA in the second quarter was negative with NOK 56.8 million. Revenues from production covered most running costs. The EBITDA is expected to fluctuate with production, oil and gas prices as well as exploration activity levels.

Net financial expenses were NOK 4.0 million in the quarter. Income tax in second quarter was NOK 37.4 million.

Cash flow from operating activities for the second quarter 2009 was negative with NOK 55.2 million compared to a positive cash flow of NOK 26.4 in the corresponding period of 2008.

The capital expenditure in the quarter of NOK 4.2 million related to the completion of the well programme in the US. NOK 13.4 million relates to the initial tranche of the USD 5 million investment in TechnoImaging.

BALANCE SHEET AND LIQUIDITY

Rocksource's total balance sheet as of 30 June 2009 was NOK 926.3 million compared to NOK 890.1 million at year-end 2008. The Group's working capital at the end of second quarter 2009 was NOK 255.6 million, up from NOK 162.6 million from previous quarter and is mainly related to the successful completion of a private placement raising NOK 126.2 million.

The equity at the end of the second quarter was NOK 518.9 million compared to NOK 443.2 million at the end of the previous quarter, giving an equity ratio of 56.0 per cent, up from 55.7 per cent in the previous quarter.

The cash balance at the end of the second quarter was NOK 265.0 million compared to NOK 162.8 million previous quarter. Cash balance has increased due to the private placement and two draw downs totalling NOK 54 million on the NCS credit facility of NOK 250 million. Total draw down on the credit facility was NOK 99 million and available facility amount was NOK 151 million at the end of the quarter.

In June the company completed a private placement of shares directed towards existing shareholders, Norwegian investors and international institutional investors. The subscription price was set through a book building process at NOK 4.25 per share. Subsequently to the private placement, a total of 29,700,000 private placement shares were allotted and issued.

The proceeds from the private placement will strengthen Rocksource's financial flexibility and support the company's aggressive growth strategy. With the recent successful license awards Rocksource is now entering a new phase with a high potential drill queue over the next couple of years. In addition, the company has through recent entry into Gulf of Mexico confirmed its intention to take advantage of business and acquisition opportunities arising in the current challenging market conditions.

The General Meeting resolved on 20 May 2009 a merging of shares (reverse split) in the ratio 4 to 1. One share was issued in Rocksource ASA in order to achieve a round number of shares prior to the merging of shares. A total of 153 treasury shares were used to complete this transaction.

As of 30 June 2009 Rocksource ASA had 178,071,240 shares and a total of 24,846 treasury shares.

RISK AND UNCERTAINTY FACTORS

There are uncertainties related to exploration results, reserve and resource estimates. Risks related to oil and gas prices, foreign exchange, interest rates in addition to political risk are discussed in the company's Annual Report for 2008.

Outlook

The technical challenges related to the company's US onshore production have been addressed, and recent production numbers have shown an improvement in performance in the wells. There are no indications of any changes to the estimated reserves in the fields.

Rocksource is picking up speed and 2010 will represent a step change in overall activity. While the company in recent years has focussed its attention towards acreage capturing, focus is now shifting towards firming up explorations wells and establishing a low risk, high potential drill queue. So far, 2009 has been very successful in this respect. Through a successful license round in Norway, positive results from CSEM data in West Africa and a strategic entry into the Gulf of Mexico, Rocksource has made significant additions to its overall resource base and hence its value potential. The current upcoming drill queue consists of six CSEM positive prospects aiming to test more than 400 mmboe. In addition the entry into the Gulf of Mexico offers short to medium term production opportunities.

Leveraging on the technical capabilities Rocksource aims to prove more barrels faster and at a lower cost proving that the quality, not the quantity, of licenses in a portfolio will be the key to Rocksource's exploration success.

CONSOLIDATED INCOME STATEMENT

(Quarter and YTD unaudited)

NOK 1,000	Q2 2009 IFRS	Q2 2008 IFRS	1H 2009 IFRS	1H 2008 IFRS	2008 IFRS
Operating income					
Revenue	22 576	89 988	51 659	149 919	287 175
Total operating income	**22 576**	**89 988**	**51 659**	**149 919**	**287 175**
Operating expenses					
Operating costs oil and gas	(10 659)	(9 797)	(20 252)	(16 943)	(47 050)
Payroll and related costs	(13 488)	(12 028)	(31 314)	(23 237)	(61 933)
Depreciation and amortisation	(15 751)	(17 433)	(34 483)	(35 781)	(75 562)
Impairment loss	-	-	-	-	(2 675)
Exploration costs	(53 402)	(36 612)	(76 392)	(59 565)	(147 108)
Other operating expenses	(1 842)	(1 581)	(5 175)	(3 221)	(16 456)
Total operating expenses	**(95 141)**	**(77 451)**	**(167 616)**	**(138 747)**	**(350 785)**
Operating profit/(loss)	**(72 565)**	**12 536**	**(115 957)**	**11 172**	**(63 610)**
Financial income/(expenses)					
Financial income	503	1 641	2 221	2 349	14 328
Foreign currency profit/(loss)	(681)	3 897	(6 189)	(7 367)	12 966
Financial expenses	(3 785)	(8 103)	(11 921)	(14 079)	(32 924)
Net financial income/(expenses)	**(3 963)**	**(2 564)**	**(15 889)**	**(19 098)**	**(5 630)**
Profit/(loss) before taxes	**(76 528)**	**9 972**	**(131 846)**	**(7 926)**	**(69 240)**
Income tax	37 434	32 460	51 797	53 898	130 158
Net profit/(loss)	**(39 094)**	**42 432**	**(80 050)**	**45 972**	**60 918**
Attributable to:					
Equity holders of the parent	(39 313)	41 781	(80 246)	45 009	59 870
Minority interest	219	651	196	963	1 048
Net profit/(loss)	**(39 094)**	**42 432**	**(80 050)**	**45 972**	**60 918**
Earnings per share [1]					
Basic earnings per share (NOK)	(0.254)	0.285	(0.532)	0.308	0.409
Diluted earnings per share (NOK)	(0.254)	0.267	(0.532)	0.288	0.401

[1] Earnings per share are adjusted for reverse split of shares of 20 May 2009

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Quarter and YTD unaudited)

NOK 1,000	Q2 2009 IFRS	Q2 2008 IFRS	1H 2009 IFRS	1H 2008 IFRS	2008 IFRS
Net profit/(loss)	**(39 094)**	**42 432**	**(80 050)**	**45 972**	**60 918**
Exchange differences on translating foreign operations	(9 134)	2 762	(11 368)	2 131	33 177
Total comprehensive income/(loss) for the period	**(48 228)**	**45 194**	**(91 418)**	**48 103**	**94 095**
Total comprehensive income attributable to:					
Equity holders of the parent	(48 447)	44 543	(91 614)	47 140	93 047
Minority interest	219	651	196	963	1 048
Net profit/(loss)	**(48 228)**	**45 194**	**(91 418)**	**48 103**	**94 095**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Quarter and YTD unaudited)

NOK 1,000	30.06.2009 IFRS	30.06.2008 IFRS	31.12.2008 IFRS
ASSETS			
Non-current assets			
Intangible non-current assets			
Deferred tax assets	28 301	10 774	27 443
Patents and development costs	4 683	1 877	5 265
Seismic library	2 675	10 702	5 351
Goodwill	154 563	154 563	154 563
Capitalised exploration and acquisition costs	34 737	765	20 504
Total intangible non-current assets	**224 960**	**178 681**	**213 126**
Tangible non-current assets			
Oil- and gas properties	236 988	181 793	261 704
Furniture, fixtures and office machines	6 032	5 613	8 175
Investment in associates	13 417	-	-
Tax receivable NCS, long-term	52 801	51 122	-
Total tangible non-current assets	**309 238**	**238 528**	**269 879**
Total non-current assets	**534 198**	**417 209**	**483 005**
Current assets			
Accounts receivable	10 882	44 577	16 215
Tax-receivable NCS, short-term	113 228	171 108	113 228
Other receivables	2 976	21 386	8 301
Cash and cash equivalents	265 027	163 054	269 381
Total current assets	**392 112**	**400 126**	**407 125**
Total assets	**926 310**	**817 335**	**890 130**
EQUITY AND LIABILITIES			
Equity			
Share capital	178 071	146 386	146 950
Treasury shares	(25)	(25)	(25)
Share premium reserve	198 410	105 338	105 338
Additional paid-in capital	161 014	137 611	171 443
Total paid-in capital	**537 470**	**389 310**	**423 705**
Retained earnings			
Retained earnings/(loss carried forward)	(20 375)	45 009	59 870
Total equity attributable to equity holders of the parent	**517 095**	**434 319**	**483 576**
Minority interest	1 769	1 430	2 090
Total equity	**518 864**	**435 749**	**485 665**
Liabilities			
Non-current liabilities			
Deferred tax	280	-	280
Bond loan	196 018	194 921	195 475
NCS credit facility, long-term	54 000	-	-
Other long-term liabilities	20 620	-	36 684
Total non-current liabilities	**270 918**	**194 921**	**232 439**
Current liabilities			
NCS credit facility, short-term	95 522	99 511	94 905
Accounts and other payables	33 538	63 829	65 275
Tax payable	-	10 101	-
Other current liabilities	7 467	13 224	11 846
Total current liabilities	**136 528**	**186 664**	**172 026**
Total liabilities	**407 446**	**381 586**	**404 465**
Total equity and liabilities	**926 310**	**817 335**	**890 130**

CONSOLIDATED CASH FLOW STATEMENT

(Quarter and YTD unaudited)

NOK 1,000	Q2 2009 IFRS	Q2 2008 IFRS	1H 2009 IFRS	1H 2008 IFRS	31.12.2008 IFRS
Cash flow from operating activities					
Profit/(loss) from operations before exploration costs	(19 164)	49 149	(39 564)	70 737	83 499
- Exploration costs	(53 402)	(36 612)	(76 392)	(59 565)	(147 108)
Profit/(loss) from operations	**(72 565)**	**12 536**	**(115 957)**	**11 172**	**(63 610)**
Adjustments for:					
Tax refund NCS exploration costs	-	-	-	-	166 178
Taxes paid onshore	-	-	-	-	(7 334)
Depreciation and amortisation	15 751	17 433	34 483	35 781	78 238
Share-based remuneration	525	791	940	719	3 505
Interest received	755	5	2 158	8	14 326
Interest paid	(4 650)	(5 754)	(10 744)	(8 910)	(22 310)
Foreign currency profit/(loss)	(681)	3 897	(6 189)	(7 367)	12 966
Changes in accounts receivable	(7 098)	(15 785)	5 334	(21 919)	6 443
Changes in accounts and other payables	10 537	19 448	(31 737)	19 621	21 067
Changes in other current balance sheet items	2 273	(6 138)	1 446	(9 332)	(15 822)
Net cash from operating activities	**(55 152)**	**26 434**	**(120 266)**	**19 773**	**193 647**
Cash flow from investing activities					
Purchase of subsidiaries, net of cash	-	-	-	-	2 193
Proceeds from sales of assets	-	-	-	-	48
Purchase of property, plant and equipment	(4 219)	(19 143)	(45 581)	(43 737)	(112 350)
Investment in associates	(13 417)	-	(13 417)	-	-
Net cash flow from investing activities	**(17 636)**	**(19 143)**	**(58 998)**	**(43 737)**	**(110 109)**
Cash flow from financing activities					
Net capital increase	121 749	385	122 332	675	1 239
Dividends, minority	(284)	-	(517)	-	-
Proceeds from issuance of long-term debt	54 000	-	54 000	-	50 000
Proceeds from issuance of short-term debt	-	-	-	100 000	144 875
Repayment of short-term debt	-	-	-	-	(100 000)
Net cash flow from financing activities	**175 465**	**385**	**175 815**	**100 675**	**96 114**
Effect of changes in exchange rates on cash	(421)	(23)	(905)	(652)	2 733
Net change in cash and cash equivalents	**102 256**	**7 652**	**(4 354)**	**76 058**	**182 385**
Cash and cash equivalents at beginning of the period	162 770	155 402	269 381	86 996	86 996
Cash and cash equivalents at the end of the period	**265 027**	**163 054**	**265 027**	**163 054**	**269 381**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Quarter and YTD unaudited)

NOK 1,000	Share capital	Treasury shares	Share premium reserves	Additional paid-in capital	Retained earnings	Currency translation differencies	Total majority	Minority interest	Total equity
Equity 1 January 2009	**146 950**	**(25)**	**105 338**	**128 616**	**59 870**	**42 826**	**483 576**	**2 090**	**485 665**
Net profit/(loss) for the period	-	-	-	-	(80 246)		(80 246)	196	(80 050)
Other comprehensive income/(loss) for the period	-	-	-	-	-	(11 368)	(11 368)	-	(11 368)
Total comprehensive income/(loss) for the period	**-**	**-**	**-**	**-**	**(80 246)**	**(11 368)**	**(91 614)**	**196**	**(91 418)**
Net capital increase	31 121	-	93 072	-	-	-	124 193	-	124 193
Share-based remuneration	-	-	-	940	-	-	940	-	940
Minority interest, dividends	-	-	-	-	-	-	-	(517)	(517)
Equity 30 June 2009	**178 071**	**(25)**	**198 410**	**129 556**	**(20 375)**	**31 458**	**517 095**	**1 769**	**518 864**

NOK 1,000	Share capital	Treasury shares	Share premium reserves	Additional paid-in capital	Retained earnings	Currency translation differencies	Total majority	Minority interest	Total equity
Equity 1 January 2008	**145 711**	**(25)**	**105 338**	**125 111**	**-**	**9 649**	**385 784**	**467**	**386 251**
Net profit/(loss) for the period	-	-	-	-	45 009		45 009	963	45 972
Other comprehensive income/(loss) for the period	-	-	-	-	-	2 131	2 131		2 131
Total comprehensive income/(loss) for the period	**-**	**-**	**-**	**-**	**45 009**	**2 131**	**47 140**	**963**	**48 103**
Net capital increase	675	-	-	-	-	-	**675**	-	675
Share-based remuneration	-	-	-	719	-	-	**719**	-	719
Minority interest, dividends	-	-	-	-	-	-	-	-	-
Equity 30 June 2008	**146 386**	**(25)**	**105 338**	**125 831**	**45 009**	**11 780**	**434 319**	**1 430**	**435 749**

Number of shares of NOK 1.00 [(1)]	Ordinary	Weighted accumulated Q2 2009 [(2)]	Weighted accumulated [(2)]
Issued on 1 January 2009 in 1.000	146 950	146 950	146 950
- Treasury shares in 1.000	(25)	(25)	(25)
Issued on 5 March 2009 in 1.000	582	582	376
Issued on 28 May 2009 in 1.000	839	304	153
Issued on 10 June 2009 in 1.000	12 700	2 931	1 473
Issued on 10 June 2009 in 1.000	17 000	3 736	1 878
Total number of shares in 1.000	**178 046**	**154 479**	**150 806**

[(1)] Number of shares are adjusted for reversed share split as of 20 May 2009.

[(2)] Weighted average number of outstanding ordinary shares are used in calculations of basic earnings per share.

ROCKSOURCE Group - Notes second quarter 2009

Principles and reporting

These financial statements are the unaudited interim consolidated financial statements of Rocksource ASA and its subsidiaries (hereafter "the Group") for the three-month period ended 30 June 2009. The Interim Financial Statements are prepared in accordance with the International Accounting Standard 34 (IAS 34). These Interim Financial Statements should be read in conjunction with the Consolidated Financial Statements for the year ended 31 December 2008, as they provide an update of previously reported information.

The accounting policies used in the Interim Financial Statements are consistent with those used in the Annual Financial Statements. IAS 1 Revised financial statement presentation has been implemented from 1 January 2009. The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details on transactions with owners, with non-owners changes in equity presented as a single line. In addition the standard introduces a statement of comprehensive income presenting income and expenses of non-owner transactions either as addition in the income statement or as a separate statement of comprehensive income. The Group has elected to present two statements.

The second quarter and half year 2009 report were approved in the Board meeting on 24 August 2009.

Note 1: Segment information

The Group's main business segments are:

1. Onshore oil & gas activities
2. Offshore oil & gas activities
3. Geo-technical activities

The transactions between the segments include internal project and administrative support. Quarter and half year figures are unaudited.

Reporting segments

NOK '000	Onshore - Oil & Gas activities		Offshore - Oil & Gas activities		Geo-technical activities		Non-allocated		Total	
	Q2		Q2		Q2		Q2		Q2	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008
Revenue	22 200	89 599	377	-	6 667	12 756	(6 667)	(12 366)	22 576	89 988
Operating costs oil and gas	(10 659)	(9 797)	-	-	-	-	-	-	(10 659)	(9 797)
Payroll and related costs	(4 599)	(2 782)	(7 300)	(8 620)	(1 590)	(627)	-	-	(13 488)	(12 028)
Depreciation and amortisation	(13 382)	(15 152)	(499)	(631)	(1 869)	(1 650)	-	-	(15 751)	(17 433)
Exploration costs	(4 176)	(1 561)	(49 225)	(35 052)	-	-	-	-	(53 402)	(36 612)
Other operating expenses	(2 329)	(1 569)	(3 728)	(4 127)	(2 348)	(2 372)	6 563	6 489	(1 842)	(1 581)
Operating profit/(loss)	**(12 945)**	**58 738**	**(60 376)**	(48 430)	**861**	**8 106**	**(105)**	**(5 878)**	**(72 565)**	**12 536**
Net financial income/(expenses)	(6 306)	(5 646)	2 340	2 808	2	275	-	-	(3 963)	(2 564)
Profit/(loss) before taxes	**(19 250)**	53 092	**(58 036)**	(45 622)	**863**	**8 381**	**(105)**	**(5 878)**	**(76 528)**	**9 972**
Income tax	-	-	37 434	32 460	-	-	-	-	37 434	32 460
Net profit/(loss)	**(19 250)**	**53 092**	**(20 602)**	**(13 162)**	**863**	**8 381**	**(105)**	**(5 878)**	**(39 094)**	**42 432**
Total assets	**305 003**	274 419	**688 074**	657 748	**191 009**	180 915	**(257 775)**	(295 748)	**926 310**	**817 335**
Investing activities (cash effect)	**4 105**	**19 096**	**37**	48	**77**	-	-	-	**4 219**	**19 143**

NOK '000	Onshore - Oil & Gas activities		Offshore - Oil & Gas activities		Geo-technical activities		Non-allocated		Total	
	01.01 - 30.06.		**01.01 - 30.06.**		**01.01 - 30.06.**		**01.01 - 30.06.**		**01.01 - 30.06.**	
	2009	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**
Revenue	50 800	148 923	855	-	19 222	18 801	(19 217)	(17 805)	51 659	149 919
Operating costs oil and gas	(20 252)	(16 943)	-	-		-	-	-	(20 252)	(16 943)
Payroll and related costs	(9 646)	(6 449)	(17 795)	(14 612)	(3 873)	(2 176)	-	-	(31 314)	(23 237)
Depreciation and amortisation	(29 670)	(31 315)	(1 340)	(1 168)	(3 473)	(3 298)	-	-	(34 483)	(35 781)
Exploration costs	(6 511)	(4 525)	(69 882)	(55 040)	-	-	-	-	(76 392)	(59 565)
Other operating expenses	(3 663)	(2 534)	(14 189)	(8 672)	(5 187)	(3 840)	17 864	11 823	(5 175)	(3 221)
Operating profit/(loss)	**(18 941)**	**87 157**	**(102 351)**	**(79 491)**	**6 690**	**9 487**	**(1 354)**	**(5 982)**	**(115 957)**	**11 172**
Net financial income/(expenses)	(12 874)	(11 026)	(3 019)	(7 761)	4	(310)	-	-	(15 889)	(19 098)
Profit/(loss) before taxes	**(31 815)**	**76 131**	**(105 371)**	**(87 252)**	**6 694**	**9 177**	**(1 354)**	**(5 982)**	**(131 846)**	**(7 926)**
Income tax	-	-	51 797	53 898	-	-	-	-	51 797	53 898
Net profit/(loss)	**(31 815)**	**76 131**	**(53 574)**	**(33 354)**	**6 694**	**9 177**	**(1 354)**	**(5 982)**	**(80 050)**	**45 972**
Total assets	305 003	274 419	688 074	657 748	191 009	180 915	(257 775)	(295 748)	**926 310**	**817 335**
Investing activities (cash effect)	45 426	42 467	78	3 788	77	(2 518)	-	-	**45 581**	**43 737**

Note 2: Related parties /share-based remuneration

Reference is made to detailed information disclosed in the Annual Report for 2008 regarding related parties transactions.

Options under the share-based remuneration programme, as approved by the Annual General Meeting on 7 May 2008, are recognised in the financial statements from the grant dates. Expensed share-based remuneration for the second quarter 2009 (including employer's social security contributions) is NOK 0.5 million.

Note 3: Tax

Companies operating on the Norwegian Continental Shelf can claim a 78% refund of their exploration costs limited to the taxable losses for the year. In the second quarter the Group has accounted a positive income tax of NOK 37.4 million (second quarter 2008 NOK 32.5 million). Deferred tax assets of NOK 28.3 million relates to deferred taxation from NCS activities.

NOK '000	**2Q 2009**	**2Q 2008**	**1H 2009**	**1H 2008**	**2008**
Tax refund this year, NCS	37 306	32 600	52 801	51 122	113 228
Tax refund from prior year, NCS	-	-	-	-	(4 930)
Deferred income tax, NCS	128	(140)	(1 003)	2 776	19 098
Payable taxes other	-	-	(1)	-	(4)
Payable taxes, onshore activities	-	-		-	2 766
Total income tax through profit and loss	**37 434**	**32 460**	**51 797**	**53 898**	**130 158**
Tax refund received	-	-	-	-	166 178
Tax paid onshore	-	-	-	-	7 334

Note 4: Exploration costs

NOK '000	**2Q 2009**	**2Q 2008**	**1H 2009**	**1H 2008**	**2008**
Exploration cost, external	(53 402)	(36 612)	(76 392)	(59 565)	(147 108)
Exploration cost, internal	(7 252)	(15 672)	(19 842)	(19 957)	(42 904)
Total exploration cost	**(60 654)**	**(52 284)**	**(96 234)**	**(79 522)**	**(190 012)**

Note 5: Interest and currency swap

Profit/loss from changes in the fair value of the interest and currency swap has been included in "foreign currency profit/(loss)" in the income statement. Changes in fair value of the interest and currency swap in second quarter gave an effect on profit of NOK 8.5 million. Total fair value of the swap was negative NOK 18.6 million as of 30 June 2009.

Note 6: Subsequent events

In August 2009 Rocksource acquires interest in 8 offshore leases in the Gulf of Mexico
Through the subsidiary Rocksource Gulf of Mexico Corporation (RGOM), Rocksource has entered into an agreement with Focus Exploration to acquire equity interest in eight offshore leases. The subsidiary RGOM will gain a 10-30 per cent working interest in the eight leases in exchange for an entry cost of approximately USD 2 million. In addition Rocksource will evaluate the acquired CSEM data. For further information see section *"Operational review".*

RESPONSIBILITY STATEMENT

We confirm that, to the best of our knowledge, the condensed set of financial statements for the first half year of 2009 which has been prepared in accordance with IAS 34 Interim Financial Statements gives a true and fair view of the company's consolidated assets, liabilities, financial position and results of operations, and that the interim management report includes a fair review of the information required under the Norwegian Securities Trading Act section 5-6 fourth paragraph.

To the best of our knowledge, the half-yearly report gives a true and fair:

- overview of important events that occurred during the accounting period and their impact on the half-yearly financial statements
- description of the principal risks and uncertainties facing the Group over the next accounting period
- description of major transactions with related parties

Oslo, 24 August 2009

Dag Dvergsten
Chairman
sign.

Mimi K. Berdal
Deputy Chairman
sign.

Anne-Grete Ellingsen
Board Member
sign.

Anne Dæhlie
Board Member
sign.

Ole Nygaard
Board Member
sign.

Helge Ringdal
Board Member
sign.

Trygve Pedersen
Chief Executive Officer
sign.