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# Rocksource ASA

## 2011 drilling campaign summary and way forward

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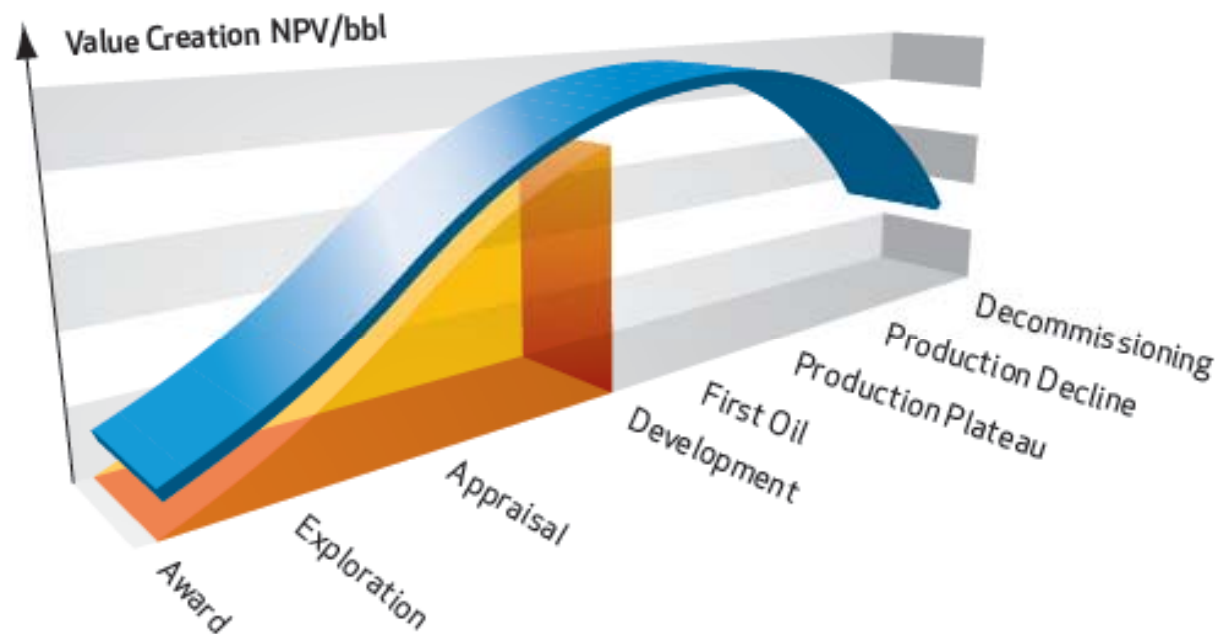
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- 2011 drilling campaign did not meet our expectations
  - Five wells drilled with one discovery
  - Higher expectations based on our selective approach to exploration prospects
  
- Well specific comments
  - Norvarg: Significant gas discovery in the Barents Sea
  - Breiflabb: Dry well in the Stord Basin
  - Kora: Dry well in West Africa, successfully farmed-down prior to drilling
  - Phoenix: Dry well evaluation ongoing. First operated well.
  - Heilo: Main targets dry, drilling still ongoing
  
- Large remaining exploration potential in our license portfolio despite weaker 2011 results than expected

- Rocksource's strategy has been to invest in technology to polarize risk and achieve better exploration results through better decision making
- Drilling outcome below industry average (1 in 5). Does this mean that our EM led exploration model is invalid ?
- The EM technology can and does map resistivity...
  - Even in complex settings like Norvarg with multiple target levels
- ...but application to prospect evaluation and integration can be improved
  - There have been learnings about the resolution about the tool
  - Appreciation of, and testing for anisotropy can be improved pre-drill
- Learnings can be applied to our future exploration strategy

- The world needs energy, and hydrocarbons will be the main contributor for the foreseeable future
- Exploration is *the* part of the E&P value chain with the largest value potential
- Rocksource has a large number of attractive prospects to be drilled the next years



- Large potential left in existing portfolio
  - 15 licenses on the Norwegian Continental Shelf, of which seven licenses from numbered rounds
  - 17 leases in the Gulf of Mexico
- High level of contingent resources to be commercialised through monetisation or maturing of assets
  - ~40 mboe net resources at the Norvarg discovery in the Barents Sea
  - ~ 100 mmboe net resources at the Trident discovery in the Gulf of Mexico
- Key focus going forward: Mature prospect inventory to drillable prospects and finance majority of activity through asset sales / farm-downs
  - Portfolio management aimed to be main source of funding
  - Continuously working to execute on asset monetisation

- Year end cash estimated in excess of NOK 200 million
  - Includes expected partial pre-payment of bond loan
  - Includes short term tax receivables and short term payables
- Debt situation
  - NOK 182.5 million bond maturing in May 2012
  - Call for Bondholders Meeting announced 3 October to delay payment of NOK 122.5 million by one year, and repay NOK 60 million
- NCS credit facility
  - Current exploration credit facility of NOK 850 million
  - New facility to be established for 2012 to match activity level

- Capital expenditure and exploration expenses
  - Currently no sanctioned wells for 2012, candidates under consideration
  - Current estimate for exploration costs is NOK 30 million (after tax)
  - Goal to use our current portfolio to fund exploration activity (farm-downs)
- General & administrative expenses (G&A)
  - 2011 G&A currently estimated to be approximately NOK 75 million (after tax)
  - Net G&A after billing to partnerships estimated to be NOK 50 million (after tax)
- Fully funded through 2012 given new NCS credit facility and partial bond deferral
- Guidance given in this presentation will be updated in the Company's Q3 2011 report in November

- Mature further exploration wells from current portfolio based on learnings from 2011
- Full assessment of exploration model, including risking process and the application and integration of EM
- Future funding primarily from sale of assets and farm downs
- Align activities with available funds
- Cost level under evaluation

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