

Rocksource ASA
First Quarter 2011



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Rocksource Group's (Company/Rocksource) net loss in the first quarter of 2011 equalled NOK 41.9 million, compared to a loss of NOK 35.2 million in the first quarter of 2010. Exploration expenses totalled NOK 39.7 million in the quarter, down from NOK 40.5 million in first quarter 2010.

As a consequence of a decision to divest the Rocksource's US onshore assets, these assets have according to IFRS-guidelines been re-classified as "discontinued operations". Accordingly income and expenses from the US onshore assets have been presented on a separate line "Net profit/(loss) from discontinued operations" in the income statements. Operating income from the US onshore activities totalled NOK 8.3 million in the first quarter versus NOK 18.6 million in first quarter 2010. Rocksource is in continued talks with potential buyers of the US onshore assets and aims to conclude a sale shortly.

Rocksource is very pleased to report on successful awards in the recent Norwegian Continental Shelf (NCS) licensing rounds. In January Rocksource was awarded five new licenses in the APA 2010 Licensing Round. This was followed by award of four additional licenses in the NCS 21st Licensing Round in April. These awards, which combined add approximately 200 million barrels of oil equivalent (mmboe) in net risked resource potential, once again demonstrate the Company's ability to secure competitive acreage and add long term exploration opportunities to the Rocksource portfolio.

In February the Company strengthened its financial position through a NOK 250 million private placement. Rocksource is now funded for its 2011 drilling programme and into 2012. The 2011 programme consists of five high potential wells; four in Norway and one in West Africa. The spud of the "Norvarg" well in the Barents Sea in late April marked the commencement of this programme.

Q1 and subsequent key events

- Successful awards in NCS 21st Round announced in April
 - Four licenses awarded
 - Aggregated net risked resource addition of approximately 150 mmboe

- Successful awards in APA 2010 announced in January
 - Five licenses awarded, including two as Operator
 - Aggregated net risked resource addition of approximately 50 mmboe

- Financial basis strengthened through equity raise in February
 - NOK 250 million raised in private placement
 - 2011 programme fully funded

- Drilling campaign underway with “Norvarg” spud in April
 - Two more wells expected to spud in the second quarter
 - Five sanctioned wells to be drilled by year end, testing approximately 200 mmboe in net risked resources

Key financial & operational figures

<i>NOK '000</i>		Q1 2011 ⁽⁴⁾	Q1 2010 ⁽⁴⁾	2010 ⁽⁴⁾
Operating income		1 246	1 154	18 218
Exploration expenses		(39 729)	(40 523)	(238 967)
EBITDA	(1)	(46 216)	(58 389)	(259 335)
Net profit/(loss)		(41 923)	(35 212)	(298 662)
Basic earnings per share (NOK) from continued operations	(2)	(0.132)	(0.177)	(0.655)
Investment	(3)	39 420	1 836	34 876
Cash balance		385 347	85 095	224 870

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

(2) Adjusted for reverse split of shares

(3) Cash effect from investment in assets and companies

(4) The figures are restated to reflect the discontinued operations

Portfolio review

Updated as of 12 May 2011

License/Lease/PSC	Country	Equity	Operator	Award	EM status	Current Activity
PL 416	NCS	35 %	E.ON	APA 2006	EM positive	Well planning
PL 506S	NCS	50 %	Rocksource ASA	APA 2008	Not yet tested	Planning EM survey
PL 506BS	NCS	50 %	Rocksource ASA	APA 2010	Not yet tested	Planning EM survey
PL 506CS	NCS	50 %	Rocksource ASA	APA 2010	Not yet tested	Planning EM survey
PL 515	NCS	60 %	Rocksource ASA	APA 2008	EM positive	Prospect evaluation
PL 528 & 528b	NCS	30 %	Suncor	20th Round	EM positive	Prospect evaluation
PL 530	NCS	20 %	GDF Suez Norge	20th Round	EM positive	Well planning
PL 535	NCS	20 %	Total E&P Norge	20th Round	EM positive	Drilling
PL 559	NCS	60 %	Rocksource ASA	APA 2009	EM positive	Well planning
PL 572	NCS	45 %	E.ON	APA 2010	Not yet tested	Establish database
PL 581	NCS	30 %	Dana Petroleum	APA 2010	Not yet tested	Planning EM survey
PL 588	NCS	40 %	Rocksource ASA	APA 2010	EM acquired	Prospect evaluation
PL 601	NCS	20 %	Wintershall	21st Round	EM positive	Establish licence JV
PL 602	NCS	20 %	Statoil	21st Round	EM positive	Establish licence JV
PL 610	NCS	25 %	GDF Suez Norge	21st Round	EM positive	Establish licence JV
P 1484 & 1488	UKCS	15 %	OMV	24th Round	n/a	Prospect evaluation
P 1067	UKCS	10 %	DNO	Farm-In	n/a	Mulle Discovery under evaluation
P 1638	UKCS	100 %	Rocksource UK	25th Round	Not yet tested	Regional evaluation
P 1573 & 1574	UKCS	20 %	Nautical Petroleum	25th Round	Not yet tested	Prospect evaluation
AGC Profond	Sen/G-B	*25%	Ophir	Farm-In	EM positive	Well planning
CY DWN 2001-1	India	10 %	ONGC	Farm-In	EM positive	ONGC negotiation
EB 300	USA	100 %	Rocksource GOM	WGOM 210	Not yet tested	Thunder Discovery evaluation
EB 419	USA	100 %	Rocksource GOM	WGOM 210	EM positive	Prospect evaluation
EB 512	USA	100 %	Rocksource GOM	WGOM 210	EM acquired	EM evaluation
EB 475	USA	100 %	Rocksource GOM	Farm-In	EM acquired	EM & Haystack Discovery evaluation
EB 519	USA	100 %	Rocksource GOM	WGOM 210	Not yet tested	Database creation
GB 407	USA	35 %	Rocksource GOM	Farm-In	EM acquired	EM evaluation
AC 222 & 266	USA	100 %	Rocksource GOM	WGOM 210	Not yet tested	Database creation
AC 238	USA	100 %	Rocksource GOM	WGOM 210	Not yet tested	Database creation
AC 498 & 543	USA	100 %	Rocksource GOM	WGOM 210	EM acquired	EM evaluation
AC 855	USA	30 %	Royal Exploration	Farm-In	EM positive	Prospect evaluation
AC 903, 904 & 907	USA	100 %	Rocksource GOM	WGOM 210	n/a	Trident Field evaluation
MC 337 & 381	USA	40 %	Rocksource GOM	Farm-In	EM acquired	Prospect evaluation

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

Operational review

Rocksource is a Norwegian, independent oil and gas company focusing on exploration. Through a strictly disciplined, selective approach to exploration Rocksource has built a high quality portfolio of drillable prospects with a high chance of discovery and commercial volumes. The Company's US onshore production has been classified as non-core and Rocksource is currently in a sales process with the goal to divest these assets shortly.

Exploration

NCS

The Norwegian Continental Shelf is one of Rocksource's focus areas. With the recent additions in licensing rounds, Rocksource currently holds 17 licenses offshore Norway, including six operatorships. The portfolio will continue to be matured and all licenses are progressing well. Some of the recent headlines include:

- Barents Sea exploration well 7225/3-1, targeting the "Norvarg" prospect (PL 535), spudded on 30 April 2011. This well marked the commencement of the Rocksource exploration drilling campaign.
- Highly successful 21st Licensing Round award for Rocksource announced on 15 April. The awards counted four new licences, of which one extension, including three well defined prospects de-risked by electromagnetic (EM) data. The awards added approximately 150 mmbbl in net risked resources.
- Preparations for new EM survey ongoing. Rocksource is currently preparing to acquire EM data in the North Sea to test the PL 506 and PL 581 licences.

The Company has currently four firm wells planned on the NCS (PL 416, PL 530, PL 535 and PL 559) in 2011 and will further focus on the maturation of five other licences to drill or drop or acquire 3D seismic or drop decisions throughout the year.

As part of maturing the portfolio, PL 451 in the southern sector of the North Sea was relinquished during the first quarter.

Senegal/Guinea Bissau – AGC Profond

Rocksource expects to spud the "Kora" well in June. This spud date reflects rig delays due to extended well operations on the wells prior to the "Kora".

Rocksource independently estimates the Kora prospect to contain mean recoverable resources of approximately 450 mmbbl, with a chance of success (CoS) estimated at above 50 per cent. In the event of a discovery there is significant follow up potential, and in such a scenario Rocksource expects a high activity level in 2012 to address the upside potential on the block. To date, 16 prospects have been mapped and these represent an estimated total, un-risked resource potential of approximately 1.7 billion barrels of oil equivalent.

Four of these prospects have been tested by acquiring EM data across them. The processing and interpretation of these surveys revealed strong positive EM anomalies in three prospects.

Gulf of Mexico

The decision by US authorities to lift the ban on deep-water drilling earlier this year was a first step towards a normalisation of the Gulf of Mexico (GoM) activity level following the Macondo blow-out. However, several important issues remain unclear, amongst other issues related to financial liability.

With a high potential drilling programme already lined up for 2011 in Norway and West Africa, Rocksource is currently not aiming for GoM drilling in 2011. Instead the Company will continue to mature the GoM portfolio and prepare for a potential 2011 farm-down process once clarity is obtained around regulatory and liability issues.

In November 2010 Rocksource received a third party review of resources in its Trident Field in the Gulf of Mexico. The report from Gaffney, Cline & Associates (GCA) indicates a significant contingent resource base which Rocksource believes could ultimately support a stand-alone development of the Trident Field. Rocksource has initiated further studies to test the potential in Trident. The goal is that these studies will provide the basis for further maturing the Trident Field including a potential farm-down to a development operator in 2011.

India – CY-DWN-2001/1

The First Phase of the work programme in Block CY-DWN-2001/1 was recently completed. Block operator ONGC has drilled three exploration wells on the block, of which all turned out to be dry. None of the wells tested the prospect associated with the primary positive EM anomaly, as interpreted by Rocksource.

Rocksource is formally still not party to the Production Sharing Contract (PSC). The Production Sharing Contract and Joint Operating Agreement have not been signed, and signing is pending outcome of commercial discussions with ONGC. It remains Rocksource's view that unless there is a successful outcome from the ongoing negotiations, Rocksource will not be liable for any costs on the block.

Rocksource participation in the PSC will require a decision by the partnership to enter into the Second Phase of Exploration phase and a successful outcome to the ongoing negotiations with ONGC.

Production

Production from the US subsidiaries averaged 477 barrels of oil equivalent per day (boepd) in the first quarter versus 515 boepd in the previous quarter. Average realised gas price in the first quarter was USD/mcf 4.6 versus USD/mcf 4.2 in the previous quarter.

Rocksource has previously announced that its US subsidiaries are pursuing bids for its onshore producing gas fields and after receiving such bids, and negotiations are ongoing. The US onshore assets consist of gas producing fields in San Jacinto and Polk Counties, Texas and are owned through Rocksource's subsidiaries Rocksource Energy Corporation (REC) and Sandhawk Energy LLC (SHK). The fields are in natural decline and are considered non-core by Rocksource.

Financial summary

OPERATIONS

As a consequence of a decision to divest Rocksource's US onshore assets, these assets have according to IFRS-guidelines been re-classified as "discontinued operations". Accordingly income and expenses from the US onshore assets have been presented on a separate line "Net profit/(loss) from discontinued operations" in the income statements. Operating income from the US onshore activities totalled NOK 8.3 million versus NOK 18.6 million in first quarter 2010.

Rocksource's reported operating income (excluding revenue from US onshore assets) of NOK 1.2 million in the first quarter of 2011 is in line with the corresponding quarter 2010 (NOK 1.2 million).

Net loss in the quarter equalled NOK 41.9 million, compared to a loss of NOK 35.2 million in the first quarter of 2010.

Exploration expenses totalled NOK 39.7 million in the quarter, down from NOK 40.5 million in first quarter 2010. The exploration expenses mainly related to licenses on the NCS. Exploration expenses also related to the Gulf of Mexico, where Rocksource continued to mature its lease portfolio.

EBITDA was negative with NOK 46.2 million in the quarter versus negative NOK 58.4 million in the corresponding quarter 2010.

Net financial expenses were NOK 18.2 million in the quarter, significantly influenced by currency loss due to weakening of the USD/NOK exchange rate.

Income tax in the first quarter was NOK 25.4 million, down from NOK 30.4 in first quarter 2010 due to lower exploration expenses related to activities on the NCS.

Cash flow from operating activities in the first quarter 2011 was negative with NOK 63.7 million, compared to minus NOK 102.6 million in the corresponding period in 2010.

BALANCE SHEET AND LIQUIDITY

Rocksource's total balance sheet as of 31 March 2011 was NOK 960.8 million compared to NOK 742.0 million at year-end 2010. The Company's working capital at the end of the first quarter 2011 was NOK 383.7 million, up from NOK 215.0 million from the previous quarter and NOK 79.1 million at the end of the corresponding quarter 2010.

To strengthen its financial situation, Rocksource successfully completed a NOK 250 million equity issue in February 2011. The equity at 31 March 2011 was NOK 550.4 million compared to NOK 339.6 million at the year-end 2010, giving an equity ratio of 57.3 per cent, up from 47.8 per cent at the end of the corresponding quarter 2010.

The cash balance at the end of the first quarter was NOK 385.3 million compared to NOK 224.9 million at the end of previous quarter.

Total draw down on the credit facility was NOK 22 million in the quarter and available facility amount was NOK 329.5 million at the end of the first quarter 2011.

As of 31 March 2011 Rocksource ASA had 348,155,121 shares and a total of 24,846 treasury shares.

Outlook

The recent spud of the “Norvarg” well in PL 535 in the Barents Sea marked the commencement of the Rocksource exploration drilling campaign. The Company expects to spud two more wells in the second quarter; the “Kora” well offshore West Africa and the “Breiflabb” well in the North Sea. An additional two wells will spud in the second half of 2011.

Currently there are no firm wells sanctioned for 2012 drilling. However, success in the 2011 campaign could trigger follow up wells in 2012. Further, Rocksource is currently maturing both NCS and GoM prospects for potential 2012 drilling. The recent portfolio additions following the successful awards in APA 2010 and NCS 21st Round add long term exploration opportunities to the Rocksource portfolio.

CONSOLIDATED INCOME STATEMENTS

(Quarter unaudited)

<i>NOK '000</i>		Q1 2011	Q1 2010	2010
		IFRS	IFRS	IFRS
Operating income				
Revenue		1 246	1 154	18 218
Total operating income		1 246	1 154	18 218
Operating expenses				
Exploration expenses	5	(39 729)	(40 523)	(238 967)
Other general and administrative expenses	6	(7 733)	(19 020)	(38 587)
Depreciation and amortisation		(931)	(1 125)	(4 144)
Total operating expenses		(48 394)	(60 669)	(281 698)
Operating profit/(loss)		(47 147)	(59 514)	(263 479)
Financial income/(expenses)				
Share of income/(loss) in associates		(1 622)	(1 290)	(9 729)
Financial income		1 402	4 988	6 993
Financial expenses		(18 026)	(6 225)	(29 326)
Net financial income/(expenses)	7	(18 247)	(2 526)	(32 061)
Profit/(loss) before taxes from continued operations		(65 394)	(62 040)	(295 541)
Income tax	4	25 385	30 402	143 920
Net profit/(loss) from continued operations		(40 009)	(31 639)	(151 620)
Net profit/(loss) from discontinued operations	2	(1 913)	(3 574)	(147 041)
Net profit/(loss)		(41 923)	(35 212)	(298 661)
Attributable to:				
Equity holders of the parent		(41 910)	(35 215)	(296 962)
Minority interest		(13)	2	(1 699)
Net profit/(loss)		(41 923)	(35 212)	(298 661)
Earnings per share				
Basic earnings per share (NOK)		(0.138)	(0.197)	(1.285)
Diluted earnings per share (NOK)		(0.138)	(0.197)	(1.285)
Earnings per share from continued operations				
Basic earnings per share (NOK) from continued operations		(0.132)	(0.177)	(0.655)
Diluted earnings per share (NOK) from continued operations		(0.132)	(0.177)	(0.655)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Quarter unaudited)

<i>NOK '000</i>	Q1 2011 IFRS	Q1 2010 IFRS	2010 IFRS
Net profit/(loss)	(41 923)	(35 212)	(298 662)
Exchange differences on translating foreign operations	4 689	772	14 372
Total comprehensive income/(loss) for the period	(37 233)	(34 441)	(284 289)
Total comprehensive income attributable to:			
Equity holders of the parent	(37 221)	(34 443)	(282 590)
Minority interest	(13)	2	(1 699)
Total comprehensive income/(loss) for the period	(37 221)	(34 441)	(284 290)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Quarter unaudited)

<i>NOK '000</i>	31.3.2011 IFRS	31.3.2010 IFRS	31.12.2010 IFRS
ASSETS			
Non-current assets			
Intangible assets			
Deferred tax assets	36 097	52 419	35 147
Patents and development costs	52	437	75
Goodwill	154 563	154 563	154 563
Capitalised exploration and acquisition costs	111 818	53 975	75 691
Total intangible assets	302 529	261 394	265 476
Tangible assets			
Oil- and gas properties	-	167 563	23 426
Furniture, fixtures and office machines	4 475	7 203	4 795
Investments in associates	22 060	24 719	25 130
Other investments	9 315	8 434	9 095
Tax receivable NCS, long-term	31 631	29 738	-
Total tangible assets	67 480	237 657	62 446
Total non-current assets	370 009	499 050	327 922
Current assets			
Accounts receivable	7 021	24 059	12 422
Tax receivable NCS, short-term	160 173	109 498	163 898
Other receivables	20 850	7 838	12 901
Cash and cash equivalents	385 347	85 095	224 870
Total current assets	573 391	226 490	414 091
Assets classified as held for sale	2	17 415	-
TOTAL ASSETS	960 816	725 540	742 013

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Quarter unaudited)

<i>NOK '000</i>	31.3.2011	31.3.2010	31.12.2010
	IFRS	IFRS	IFRS
EQUITY AND LIABILITIES			
Equity			
Share capital	348 155	179 218	262 612
Treasury shares	(25)	(25)	(25)
Share premium reserve	359 145	132 030	197 581
Additional paid-in capital	339 610	226 098	333 945
Total paid-in capital	1 046 885	537 321	794 113
Retained earnings			
Retained earnings/(loss carried forward)	(496 448)	(192 018)	(454 538)
Total equity attributable to equity holders of the parent	550 437	345 303	339 574
Minority interest	-	1 727	25
Total equity	550 437	347 030	339 600
Liabilities			
Non-current liabilities			
Bond loan	198 368	197 011	198 014
NCS credit facility, long-term	22 273	23 040	-
Derivative financial instruments	7	9 782	4 759
Other long-term liabilities	-	1 300	584
Total non-current liabilities	220 641	231 133	203 358
Current liabilities			
NCS credit facility, short-term	143 716	103 629	143 716
Accounts and other payables	36 355	19 671	36 523
Other current liabilities	9 667	24 077	18 816
Total current liabilities	189 738	147 377	199 055
Total liabilities	410 379	378 510	402 413
TOTAL EQUITY AND LIABILITIES	960 816	725 540	742 013

CONSOLIDATED CASH FLOW STATEMENTS

(Quarter unaudited)

<i>NOK '000</i>	Q1 2011 IFRS	Q1 2010 IFRS	2010 IFRS
Cash flow from operating activities			
Profit/(loss) before taxes from continued operations	(65 394)	(62 040)	(295 541)
Net profit/(loss) from discontinued operations	(1 913)	(3 574)	(147 041)
Profit/(loss) before taxes	(67 307)	(65 614)	(442 582)
Adjustments for:			
Net interest expense/-income	5 865	5 524	21 992
Tax refund NCS exploration expenses	-	-	109 246
Depreciation, amortisation and impairment	931	1 125	4 144
Share-based remuneration	976	335	1 070
Interest received	1 402	701	5 794
Interest paid	(6 640)	(5 867)	(25 444)
Changes in accounts receivable	5 401	(8 039)	3 598
Changes in accounts and other payables	(168)	(34 700)	(23 701)
Changes in other current balance sheet items	(10 182)	(6 691)	24 821
Discontinued operations	6 010	10 629	136 982
Net cash flow from operating activities	(63 712)	(102 598)	(184 081)
Cash flow from investing activities			
Additions to tangible assets and capitalised exploration expenses	(39 420)	(1 836)	(26 858)
Investment in associates	-	-	(8 018)
Cash flow from discontinued operations	-	(422)	(1 269)
Net cash flow from investing activities	(39 420)	(2 258)	(36 145)
Cash flow from financing activities			
Net capital increase	243 635	600	239 166
Proceeds from issuance of long-term debt	22 000	23 000	-
Proceeds from issuance of short-term debt	-	-	140 172
Repayment of short-term debt	-	-	(101 106)
Net cash flow from financing activities	265 635	23 600	278 232
Effect of changes in exchange rates on cash and cash equivalents	(2 026)	137	650
Net change in cash and cash equivalents	160 476	(81 119)	58 657
Cash and cash equivalents at beginning of the period	224 870	166 214	166 214
Cash and cash equivalents at the end of the period	385 347	85 095	224 870

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Quarter unaudited)

<i>NOK '000</i>	Share capital	Treasury shares	Share premium reserves	Additional paid-in capital	Currency translation differences	Retained earnings	Total majority	Minority interest	Total equity
Equity 1 January 2011	262 612	(25)	197 581	290 217	43 727	(454 538)	339 574	25	339 600
Net profit/(loss) for the period	-	-	-	-	-	(41 910)	(41 910)	(13)	(41 923)
Other comprehensive income/(loss) for the period	-	-	-	-	4 689	-	4 689	-	4 689
Total comprehensive income/(loss) for the period	-	-	-	-	4 689	(41 910)	(37 221)	(13)	(37 233)
Net capital increase ⁽¹⁾	85 543	-	161 564	-	-	-	247 107	-	247 107
Share-based remuneration	-	-	-	976	-	-	976	-	976
Minority interest, dividends	-	-	-	-	-	-	-	(12)	(12)
Equity 31 March 2011	348 155	(25)	359 145	291 193	48 417	(496 448)	550 437	-	550 437

(1) Transaction costs related to issued share capital amount to TNOK 12 340, net of tax.

<i>NOK '000</i>	Share capital	Treasury shares	Share premium reserves	Additional paid-in capital	Currency translation differences	Retained earnings	Total majority	Minority interest	Total equity
Equity 1 January 2010	178 618	(25)	132 030	196 408	29 355	(157 575)	378 811	1 724	380 535
Net profit/(loss) for the period	-	-	-	-	-	(35 215)	(35 215)	2	(35 213)
Other comprehensive income/(loss) for the period	-	-	-	-	-	772	772	-	772
Total comprehensive income/(loss) for the period	-	-	-	-	-	(34 443)	(34 443)	2	(34 441)
Net capital increase	600	-	-	-	-	-	600	-	600
Share-based remuneration	-	-	-	335	-	-	335	-	335
Equity 31 March 2010	179 218	(25)	132 030	196 743	29 355	(192 018)	345 303	1 727	347 030

<i>Number of shares in thousands a NOK 1,00</i> ⁽¹⁾	Ordinary	Weighted Q1 2011 ⁽¹⁾
Issued on 1 January 2011	262 612	262 612
- Treasury shares	(25)	(25)
Issued on 1 February 2011	26 225	17 192
Issued on 22 February 2011	147	60
Issued on 23 February 2011	57 110	22 844
Issued on 22 March 2011	2 061	206
Total number of shares	348 130	302 890

(1) Weighted average number of outstanding ordinary shares are used in calculations of basic earnings per share

NOTES FIRST QUARTER 2011

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 31 March 2011. 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 2010, 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.

The first quarter 2011 results were approved in the Board meeting on 12 May 2011.

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.

NOK '000	Onshore - Oil & Gas activities		Offshore - Oil & Gas activities		Geo-technical activities		Non-allocated		Total	
	01.01 - 31.03.		01.01 - 31.03.		01.01 - 31.03.		01.01 - 31.03.		01.01 - 31.03.	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Revenue	-	-	4 227	6 499	2 758	10 809	(5 740)	(16 154)	1 246	1 154
Operating expenses oil and gas	-	-	-	-	-	-	-	-	-	-
Exploration expenses	-	-	(39 729)	(40 523)	-	-	-	-	(39 729)	(40 523)
Other general and administrative expenses	-	-	(5 351)	(25 190)	(8 122)	(9 984)	5 740	16 154	(7 733)	(19 020)
Depreciation, amortisation and impairment	-	-	(897)	(892)	(35)	(234)	-	-	(931)	(1 125)
Operating profit/(loss)	-	-	(41 750)	(60 106)	(5 398)	592	-	-	(47 147)	(59 514)
Net financial income/(expenses)	(5 353)	(5 615)	(11 484)	4 112	(1 409)	(1 023)	-	-	(18 247)	(2 526)
Net profit/(loss) before taxes	(5 353)	(5 615)	(53 234)	(55 994)	(6 807)	(431)	-	-	(65 394)	(62 040)
Income tax	-	-	23 933	30 402	1 452	-	-	-	25 385	30 402
Net profit/(loss) from continued operations	(5 353)	(5 615)	(29 301)	(25 592)	(5 355)	(431)	-	-	(40 009)	(31 639)
Total assets, incl. assets classified as held for sale	25 806	185 994	861 186	621 683	266 062	189 974	(192 238)	(272 110)	960 816	725 541
Investing activities (cash effect)	-	-	39 437	1 742	(17)	95	-	-	39 420	1 836

The segment “Onshore – Oil and gas activities” relates to the US onshore activity which has been stated as discontinued operations due the ongoing sale of the onshore oil and gas assets. Specification of financials related to this segment is included below in Note 2: Discontinued operations.

Note 2: Discontinued operations – Assets classified as held for sale

As a consequence of a decision to divest Rocksource's US Onshore assets, these assets have according to IFRS-guidelines been re-classified as "discontinued operations". Accordingly income and expenses from the US onshore assets have been presented on a separate line "Net loss from discontinued operations in the income statements". Result from the operations are stated in the table below.

<i>NOK '000</i>	Q1 2011	Q1 2010	2010
Revenue	8 346	18 647	52 091
Operating expenses oil and gas assets	(3 836)	(5 593)	(19 433)
Exploration expenses	522	(1 947)	(769)
Other general and administrative expenses	(2 129)	(4 275)	(18 573)
Depreciation, amortisation and impairment	(4 817)	(10 405)	(160 357)
Net profit/(loss) from discontinued operations	(1 913)	(3 573)	(147 041)

Booked value of assets classified held for sale is disclosed as a separate line in the statement of the financial positions. Booked value of the oil and gas assets held for sale is TNOK 17 415.

Note 3: Related parties/share-based remuneration

Reference is made to detailed information disclosed in the Annual Report for 2010 regarding related parties transactions.

Options under the share-based remuneration programme, as approved by the Annual General Meeting on 26 May 2010, are recognised in the financial statements from the grant dates. Expensed share-based remuneration for the first quarter 2011 (including employer's social security contributions) is NOK 1.0 million.

Note 4: Tax

Companies operating on the Norwegian Continental Shelf can claim a 78 per cent refund of their exploration expenses limited to the taxable losses for the year. In the fourth quarter the Group has accounted a positive income tax of NOK 25.4 million (first quarter 2010 NOK 30.4 million). Deferred tax assets of NOK 36.1 million relates to both deferred taxation from NCS activities and from onshore activities.

<i>NOK '000</i>	Q1 2011	Q1 2010	2010
Tax refund this year, NCS	31 631	29 738	163 898
Tax refund from prior year, NCS	(3 725)	(1 383)	(1 634)
Deferred income tax, NCS	(5 428)	905	(15 189)
Deferred income tax from prior year, NCS	1 454	1 383	(1 319)
Payable taxes, other	-	(1)	-
Deferred income tax, onshore activities	1 452	(240)	(1 835)
Total income tax through profit and loss	25 385	30 402	143 920
Tax refund received, NCS	-	-	109 246
Tax received/(paid), corporate tax	-	-	-

Rocksource ASA has received a notice from Oljeskattekontoret (OSK/The Norwegian Oil Taxation Office) of a possible change to the tax assessments for 2007, 2008 and 2009. The notice relates to the pricing of proprietary electromagnetic interpretation services provided to Rocksource and its license partners from Rocksource's wholly owned subsidiary Rocksource Geotech AS.

Rocksource's opinion is that the pricing of the services provided by Rocksource Geotech AS is on arm's-length terms and in compliance with Norwegian tax legislation. Rocksource strongly disagrees with the alleged basis for OSK's preliminary view and will contest the notices accordingly.

The notices do not conclude on the legal basis for the change of the assessments. If the tax authorities' view prevails, Rocksource interprets that the negative cash effect for the income years 2007-2009 can be estimated within a range up to NOK 60 million. Tax refund for 2009 has been paid out according to the Company's tax assessments.

Note 5: Exploration expenses

<i>NOK '000</i>	Q1 2011	Q1 2010	2010
Exploration expenses related to license participation	(10 785)	(9 955)	(145 292)
Exploration expenses, other external expenses (seismic, EM, etc)	(5 912)	(17 234)	(33 423)
Exploration expenses	(16 696)	(27 189)	(178 715)
Reclassified from general and administrative expenses	(23 033)	(13 334)	(55 432)
Exploration expenses, previously capitalised	-	-	(4 820)
Total exploration expenses, income statement	(39 729)	(40 523)	(238 967)

Note 6: Other general and administrative expenses

<i>NOK '000</i>	Q1 2011	Q1 2010	2010
Payroll and other related expenses	(19 882)	(17 731)	(70 253)
Other expenses	(10 884)	(14 623)	(23 766)
Total	(30 766)	(32 354)	(94 018)
- Reclassified as exploration expenses	23 033	13 334	55 432
Total general and administrative expenses, income statement	(7 733)	(19 020)	(38 587)

Note 7: Financial items

<i>NOK '000</i>	Q1 2011	Q1 2010	2010
Share of income/ (loss) in associates	(1 622)	(1 290)	(9 729)
Financial income	1 402	701	5 794
Financial expenses	(7 266)	(6 225)	(27 786)
Foreign currency gain/(loss)	(15 519)	8 229	(1 423)
Net income/(expense) from derivatives	4 759	(3 941)	1 082
Net financial income/(expenses)	(18 247)	(2 526)	(32 061)

The interest and currency swap, described in note 18 in the Annual Report 2010, was settled in February 2011.