

Rocksource ASA

First quarter 2010

The Rocksource group (“Rocksource” or “company”) had operating income of NOK 19.8 million in the first quarter of 2010, in line with the previous quarter and a decrease of NOK 9.3 million compared to the corresponding quarter 2009.

Following recent efforts to strengthen the company’s financial position, Rocksource is now funded for an extensive drilling campaign.

In the first quarter Rocksource reported on the completion of an NCS exploration credit facility of NOK 500 million and an equity line of credit facility of NOK 150 million. In addition the company successfully completed a NOK 250 million equity issue in April 2010.

Preparations are ongoing ahead of the company’s drilling campaign, expected to commence in the second half of 2010. The main priority going forward is to firm up further wells with drilling rigs and spud dates.

Currently, Rocksource expects to participate in a number of low risk high potential wells over the next years. The upcoming drilling campaign is aiming to test on average net risked resources in excess of 200 million barrels of oil equivalents (mmbobe) per year.

Q1 and subsequent key events

- Financial position strengthened in preparations for drilling
 - NOK 250 million raised in private placement in April
 - NOK 500 million NCS credit facility and NOK 150 million Equity Line of Credit facility adds to financial flexibility

- First well sanctioned for drilling on the NCS in 2011
 - “Breiflabb” prospect sanctioned for drilling in Q2 2011
 - Additional wells expected firmed up shortly

- Q1 revenue in line with previous quarter
 - Average production 954 barrels of oil equivalents per day (boepd)
 - Average realised gas price USD/mcf 5.7 in Q1 versus USD/mcf 4.7 in previous quarter

Key financial & operational figures

NOK '000		Q1 2010	Q1 2009	2009
Operating income		19 801	29 083	105 635
Exploration expenses		(42 470)	(22 991)	(231 344)
EBITDA	(1)	(51 755)	(24 660)	(234 254)
Net profit/(loss)		(35 212)	(40 956)	(217 294)
Basic earnings per share (kr)	(2)	(0.197)	(0.278)	(1.320)
Investment	(3)	2 258	41 362	133 682
Cash balance		85 095	162 770	166 214
Net average production boepd		954	1 707	1 314
Realised gas price USD/mcf		5.7	4.6	4.2

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

(2) Adjusted for reverse split of shares

(3) Cash effect investment in assets and companies

Portfolio review

As of 25 May 2010

License/Lease/PSC	Country	Equity	Operator	Award	EM status	Current Activity
PL 416	NCS	35 %	EON	APA 2006	EM positive	Well planning
PL 451	NCS	20 %	Noreco	APA 2007	EM positive	Prospect evaluation
PL 506S	NCS	50 %	Rocksource ASA	APA 2008	Not yet tested	3D Acquisition in progress
PL 515	NCS	60 %	Rocksource ASA	APA 2008	EM positive	3D Acquisition in progress
PL 528	NCS	30 %	Suncor	20th Round	EM positive	Planning 3D seismic acquisition
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	Well planning
PL 559	NCS	60 %	Rocksource ASA	APA 2009	EM positive	3D Acquisition in progress
P 1484 & 1488	UKCS	15 %	OMV	24th Round	Not yet tested	Work programme completed. Under evaluation
P 1067	UKCS	10 %	DNO	Farm-in	n/a	Work programme completed. 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	EM feasibility study
AGC Profond	Sen/G B	*25%	Ophir	Farm-in	EM positive	Well planning
CY-DWN-2001/1	India	10 %	ONGC	Farm-in	EM positive	Decision on work programme/3rd well
EB 300	USA	100 %	Rocksource GOM	WGOM 210	Not yet tested	Database creation
EB 419	USA	100 %	Rocksource GOM	WGOM 210	EM acquired	EM evaluation
EB 425 & 512	USA	100 %	Rocksource GOM	WGOM 210	EM acquired	EM evaluation
EB 475	USA	10 %	Royal Exploration	Farm-in	EM acquired	EM evaluation
EB 519	USA	100 %	Rocksource GOM	WGOM 210	Not yet tested	Database creation
EB 832	USA	30 %	Royal Exploration	Farm-in	EM positive	Prospect evaluation
GB 185	USA	30 %	Royal Exploration	Farm-in	EM positive	Prospect evaluation
GB 407	USA	10 %	Royal Exploration	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 %	Focus Exploration	Farm-in	EM positive	Prospect evaluation

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

Operational review

Rocksource is an exploration focused oil and gas company and has over the last few years successfully gained access to a number of quality exploration opportunities in Norway, UK, West-Africa, India and the Gulf of Mexico. Since the beginning of 2008 Rocksource has made significant additions to its exploration portfolio. Net risked resources have grown from 125 million barrels of oil equivalents (mmboe) to above 1 billion boe, representing a substantial exploration portfolio to be tested.

Exploration

NCS

Rocksource currently holds eight licenses offshore Norway. The portfolio will continue to be matured and all licenses are progressing well. The following activities have been completed:

- Drill decision on PL 416 was made with spud expected in May 2011 with the Borgland Dolphin rig
- Well planning on PL 530 and PL 535 is in progress for 2011 spud
- Further EM data has been acquired on PL 559 and PL 515
- 3D seismic data will be acquired over PL 506s, PL 515 and PL 559 in the second quarter
- 3D seismic acquisition planned for June on PL 528
- PL 480 was relinquished following negative EM results

The company has currently three firm wells planned (PL 416, PL 530 and PL 535) with a further three low risk prospects pending drill or drop decisions. Rocksource is currently preparing for the NCS APA 2010 and 21st licensing round applications where a large EM acquisition campaign is currently undertaken and will form a basis for applications which will be submitted in 2010.

Gulf of Mexico

Rocksource Gulf of Mexico Corporation (RGOM) continued to mature its portfolio of 20 lease blocks during the quarter to be able to drill its first exploration well late 2010 or early 2011. The work has focused on the integrated seismic/electromagnetic (EM) evaluation of prospects with potential to significantly improve the probability of exploration success.

RGOM elected not to submit bids for leases in the Central Gulf of Mexico Lease Sale in February as the current portfolio provides adequate potential for the initial drilling campaign.

As a result of the blow-out suffered by BP on its Macondo prospect in the Gulf of Mexico, the US government has banned approval of new deep-water drilling until the cause of the accident has been ascertained and actions identified to avoid similar future accidents. A presidential report is expected to be published shortly, and Rocksource will consider activities and timing based on the conclusions in this report. Rocksource believes that the Gulf of Mexico will remain an important exploration and production province also in the future.

India – CY-DWN-2001/1

Rocksource has conducted meetings with ONGC to review block progress and discuss forward plans. As these plans are finalised more information will be released.

Senegal/Guinea Bissau – AGC Profond

Well planning and rig identification is ongoing for fourth quarter 2010 or first quarter 2011 spud date of the Kora prospect.

UKCS

Rocksource currently holds six licenses on the UKCS and the following activities have been completed:

- P1486 was relinquished
- Limited 26th Round application was submitted

Production

Production from the US subsidiaries averaged 954 boepd in the first quarter (1,013 boepd in the fourth quarter). Production during the quarter was stable with no major technical problems. Both compressors at the Drews Landing/Morian fields had several short periods of technical downtime and will now be replaced by one new compressor with a monthly saving of some USD 10,000 in addition to expected improved regularity.

Financial summary

OPERATIONS

Revenue in the first quarter was NOK 19.8 million, in line with the previous quarter (NOK 19.9 million). The corresponding figure in first quarter 2009 was NOK 29.1 million.

Net loss for the first quarter was NOK 35.2 million, compared to a net loss of NOK 41.0 million in corresponding quarter 2009.

Exploration expenses totalled NOK 42.5 million in the quarter, down from NOK 62.9 million in the previous quarter and up from NOK 23.0 million in first quarter 2009. The exploration expenses were mainly related to acquisition of EM data for the two upcoming licensing rounds on the NCS; the 21st Licensing Round and APA 2010. Exploration expenses were also related to the Gulf of Mexico, where Rocksource continued to mature its license portfolio.

EBITDA was negative with NOK 51.8 million in the quarter versus negative NOK 24.7 million in the corresponding quarter 2009.

Net financial expenses were NOK 2.5 million in the quarter, influenced by currency gain due to strengthening of the USD/NOK exchange rate.

Income tax in the first quarter was NOK 30.4 million, up from NOK 28.4 in fourth quarter 2009 due to higher exploration costs related to activities on the NCS.

Cash flow from operating activities in the first quarter 2010 was negative with NOK 102.6 million, compared to minus NOK 65.1 million in the corresponding period in 2009.

The capital expenditure in the quarter was NOK 2.3 million related to drilling cost on the AGC Profond block.

BALANCE SHEET AND LIQUIDITY

Rocksource's total balance sheet as of 31 March 2010 was NOK 725.5 million compared to NOK 771.7 million at year-end 2009. The Group's working capital at the end of the first quarter 2010 was NOK 79.1 million, down from NOK 115.8 million from the previous quarter and NOK 162.6 million at the end of the corresponding quarter 2009.

The equity at 31 March 2010 was NOK 347.0 million compared to NOK 380.5 million at the year-end 2009, giving an equity ratio of 47.8 per cent, down from 55.7 per cent at the end of the corresponding quarter 2009.

The cash balance at the end of the first quarter was NOK 85.1 million compared to NOK 166.2 million at the end of previous quarter. Total draw down in the quarter on the credit facility was NOK 28 million and available facility amount was NOK 368 million at the end of the first quarter 2010.

As of 31 March 2010 Rocksource ASA had 179,217,767 shares and a total of 24,846 treasury shares.

Outlook

The company's net risked resources have grown rapidly over the last two years and now total more than 1 billion barrels of oil equivalents (boe), of which more than 50 per cent of the resource base stems from the NCS. The portfolio and prioritisation for drilling represent the outcome of a continual high grading process where Rocksource has evaluated over 80 prospects with electro-magnetic (EM) technology. Twenty-one of these have positive integrated EM results and form a major part of the portfolio. These prospects are the high graded, low risk basis that will form the initial drilling schedule.

Although Rocksource will continue to add resources to its portfolio through participation in licensing rounds, the company's main priority going forward will be to firm up further wells with allocated rigs and defined spud dates.

With a strengthened financial position Rocksource is now funded for an extensive drilling campaign, which has a potential for large scale shareholder value creation.

CONSOLIDATED INCOME STATEMENTS

(Quarter unaudited)

NOK '000	Note	Q1 2010 IFRS	Q1 2009 IFRS	2009 IFRS
Operating income				
Revenue		19 801	29 083	105 635
Total operating income		19 801	29 083	105 635
Operating expenses				
Operating expenses oil and gas		(5 593)	(9 593)	(31 114)
Exploration expenses	4	(42 470)	(22 991)	(231 344)
Other general and administrative expenses	2, 5	(23 493)	(21 158)	(77 430)
Depreciation and amortisation		(11 333)	(18 732)	(56 937)
Impairment loss		-	-	(23 117)
Total operating expenses		(82 889)	(72 475)	(419 942)
Operating profit/(loss)		(63 088)	(43 392)	(314 308)
Financial income/(expenses)				
Share of income/(loss) in associates		(1 290)	-	(1 080)
Financial income		4 988	1 718	35 444
Financial expenses		(6 225)	(13 644)	(75 275)
Net financial income/(expenses)	6	(2 526)	(11 927)	(40 911)
Profit/(loss) before taxes		(65 614)	(55 318)	(355 218)
Income tax	3	30 402	14 362	137 924
Net profit/(loss)		(35 212)	(40 956)	(217 294)
Attributable to:				
Equity holders of the parent		(35 215)	(40 932)	(217 445)
Minority interest		2	(23)	151
Net profit/(loss)		(35 212)	(40 956)	(217 294)
Earnings per share ⁽¹⁾				
Basic earnings per share (kr)		(0.197)	(0.278)	(1.320)
Diluted earnings per share (kr)		(0.197)	(0.278)	(1.320)

⁽¹⁾ Earnings per share are adjusted for reverse split of shares as of 20 May 2009

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOMES

(Quarter unaudited)

<i>NOK '000</i>	Q1 2010 IFRS	Q1 2009 IFRS	2009 IFRS
Net profit/(loss)	(35 212)	(40 956)	(217 294)
Exchange differences on translating foreign operations	772	(2 235)	(13 471)
Total comprehensive income/(loss) for the period	(34 441)	(43 191)	(230 765)
Total comprehensive income attributable to:			
Equity holders of the parent	(34 443)	(43 167)	(230 916)
Minority interest	2	(23)	151
Net profit/(loss)	(34 441)	(43 191)	(230 765)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Quarter unaudited)

<i>NOK '000</i>	Note	31.3.2010 IFRS	31.3.2009 IFRS	31.12.2009 IFRS
ASSETS				
Intangible assets				
Deferred tax assets	3	52 419	26 311	50 371
Patents and development expenses		437	5 004	636
Seismic library		-	4 013	-
Goodwill		154 563	154 563	154 563
Capitalised exploration and acquisition expenses		53 975	34 808	49 417
Total intangible assets		261 394	224 699	254 987
Tangible assets				
Oil- and gas properties		167 563	259 039	172 496
Furniture, fixtures and office machines		7 203	7 050	8 078
Investments in associates		24 719	-	25 125
Other investments		8 434	-	8 099
Tax receivable NCS, long-term		29 738	15 495	-
Total tangible assets		237 656	281 584	213 799
Total non-current assets		499 050	506 283	468 785
Current assets				
Accounts receivable		24 059	3 783	16 020
Tax receivable NCS, short-term		109 498	113 228	110 881
Other receivables		7 838	9 474	9 842
Cash and cash equivalents		85 095	162 770	166 214
Total current assets		226 490	289 256	302 956
TOTAL ASSETS		725 540	795 539	771 741

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Quarter unaudited)

<i>NOK '000</i>	Note	31.3.2010 IFRS	31.3.2009 IFRS	31.12.2009 IFRS
EQUITY AND LIABILITIES				
Equity				
Paid-in capital				
Share capital		179 218	147 532	178 618
Treasury shares		(25)	(25)	(25)
Share premium reserve		132 030	105 338	132 030
Additional paid-in capital		226 098	169 623	225 763
Total paid-in capital		537 321	422 468	536 386
Retained earnings				
Retained earnings/(loss carried forward)		(192 018)	18 938	(157 575)
Total equity attributable to equity holders of the parent		345 303	441 406	378 811
Minority interest		1 727	1 834	1 724
Total equity		347 030	443 240	380 535
Liabilities				
Non-current liabilities				
Deferred tax liabilities		-	280	-
Bond loan		197 011	196 060	196 693
NCS credit facility, long-term		23 040	-	-
Derivative financial instruments		9 782	27 133	5 841
Other long-term liabilities		1 300	2 194	1 529
Total non-current liabilities		231 133	225 668	204 064
Current liabilities				
NCS credit facility, short-term		103 629	94 905	103 629
Accounts and other payables		19 671	23 001	60 224
Other current liabilities		24 077	8 725	23 289
Total current liabilities		147 377	126 632	187 143
Total liabilities		378 510	352 300	391 206
TOTAL EQUITY AND LIABILITIES		725 540	795 539	771 741

CONSOLIDATED CASH FLOW STATEMENTS

(Quarter unaudited)

NOK '000	Note	Q1 2010 IFRS	Q1 2009 IFRS	2009 IFRS
Cash flow from operating activities				
Profit/(loss) from operations before exploration expenses		(20 618)	(20 401)	(82 963)
- Exploration expenses		(42 470)	(22 991)	(231 344)
Profit/(loss) from operations		(63 088)	(43 392)	(314 308)
Adjustments for:				
Tax refund NCS exploration expenses		-	-	111 771
Taxes paid onshore		-	-	5 600
Depreciation, amortisation and impairment		11 333	18 732	80 054
Previously capitalised exploration expenses		-	-	38 052
Share-based remuneration		335	415	1 745
Interest received		701	1 402	7 012
Interest paid		(6 225)	(6 094)	(22 060)
Foreign currency profit/(loss)		4 151	(5 508)	(21 840)
Changes in accounts receivable		(8 039)	12 432	196
Changes in accounts and other payables		(40 553)	(42 274)	(5 051)
Changes in other current balance sheet items		(1 211)	(828)	21 640
Net cash flow from operating activities		(102 598)	(65 114)	(97 188)
Cash flow from investing activities				
Purchase of tangible and intangible assets		(2 258)	(41 362)	(104 535)
Investment in associates		-	-	(29 147)
Net cash flow from investing activities		(2 258)	(41 362)	(133 682)
Cash flow from financing activities				
Net capital increase		600	582	122 298
Dividends, minority		-	(233)	(517)
Proceeds from issuance of long-term debt		23 000	-	-
Proceeds from issuance of short-term debt		-	-	91 000
Repayment of short-term debt		-	-	(83 371)
Net cash flow from financing activities		23 600	350	129 411
Effect of changes in exchange rates on cash and cash equivalents		137	(484)	(1 708)
Net change in cash and cash equivalents		(81 119)	(106 611)	(103 167)
Cash and cash equivalents at beginning of the period		166 214	269 381	269 381
Cash and cash equivalents at the end of the period		85 095	162 770	166 214

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 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	(35 212)
Other comprehensive income/(loss)	-	-	-	-	-	772	772	-	772
Total comprehensive income/(loss)	-	-	-	-	-	(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>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 2009	146 950	(25)	105 338	128 616	42 826	59 870	483 576	2 090	485 665
Net profit/(loss) for the period	-	-	-	-	-	(40 932)	(40 932)	(23)	(40 956)
Other comprehensive income/(loss)	-	-	-	-	(2 235)	-	(2 235)	-	(2 235)
Total comprehensive income/(loss)	-	-	-	-	(2 235)	(40 932)	(43 167)	(23)	(43 191)
Net capital increase	582	-	-	-	-	-	582	-	582
Share-based remuneration	-	-	-	415	-	-	415	-	415
Minority interests, dividends	-	-	-	-	-	-	-	(233)	(233)
Equity 31 March 2009	147 532	(25)	105 338	129 031	40 592	18 938	441 406	1 834	443 240

Number of shares (in '000) of nominal value of NOK 1.00⁽¹⁾	Ordinary	Weighted accumulated Q1 2010⁽²⁾	Weighted accumulated⁽²⁾
Issued on 1 January 2010 in 1.000	178 618	178 618	178 618
- Treasury shares in 1.000	(25)	(25)	(25)
Issued on 25 February 2010 in 1.000	600	227	227
Total number of shares	179 193	178 819	178 819

⁽¹⁾ Number of shares are adjusted for reverse share split as of 20 May 2009

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

NOTES FIRST QUARTER 2010

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 2010. 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 2009, 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 an addition in the income statement or as a separate statement of comprehensive income. The Group has elected to present two statements.

The first quarter 2010 results were approved in a board meeting on 25 May 2010.

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	
	Q1		Q1		Q1		Q1		Q1	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Revenue	18 647	28 600	6 499	479	10 809	12 554	(16 154)	(12 550)	19 801	29 083
Operating expenses oil and gas	(5 593)	(9 593)	-	-	-	-	-	-	(5 593)	(9 593)
Exploration expenses	(1 947)	(2 334)	(47 593)	(20 657)	-	-	7 070	-	(42 470)	(22 991)
Other general and administrative expenses	(4 473)	(6 381)	(18 120)	(20 956)	(9 984)	(5 122)	9 084	11 301	(23 493)	(21 158)
Depreciation, amortisation and impairment	(10 405)	(16 288)	(694)	(841)	(234)	(1 604)	-	-	(11 333)	(18 733)
Operating profit/(loss)	(3 771)	(5 997)	(59 908)	(41 975)	592	5 828	-	(1 249)	(63 088)	(43 392)
Net financial income/(expenses)	(5 615)	(6 569)	4 112	(5 360)	(1 023)	2	-	-	(2 526)	(11 927)
Profit/(loss) before taxes	(9 387)	(12 565)	(55 796)	(47 335)	(431)	5 830	-	(1 249)	(65 614)	(55 318)
Income tax	-	-	30 642	14 362	(240)	-	-	-	30 402	14 362
Net profit/(loss)	(9 387)	(12 565)	(25 154)	(32 972)	(671)	5 830	-	(1 249)	(35 212)	(40 956)
Total assets	185 994	343 074	621 683	530 015	189 974	171 070	(272 110)	(248 619)	725 540	795 539
Investing activities (cash effect)	422	41 321	1 724	41	112	-	-	-	2 258	41 362

Note 2: Related parties/share-based remuneration

Reference is made to detailed information disclosed in the Annual Report for 2009 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 first quarter 2010 (including employer’s social security contributions) is NOK 0.3 million.

Note 3: Tax

Companies operating on the Norwegian Continental Shelf (NCS) can claim a 78 per cent refund of their exploration costs limited to the taxable losses for the year. In the first quarter the Group has accounted a positive income tax of NOK 30.4 million (first quarter 2009 NOK 14.4 million). Deferred tax assets of NOK 52.4 million relates to both deferred taxation from NCS activities and from onshore activities.

<i>NOK '000</i>	Q1 2010	Q1 2009	2009
Tax refund this year, NCS	29 738	15 495	110 881
Tax refund from prior year, NCS	(1 383)	-	(1 457)
Deferred income tax, NCS	2 288	(1 132)	(2 221)
Payable taxes, other	(1)	-	(1)
Payable taxes, onshore activities	-	-	-
Tax receivable, "Government tax package"	-	-	7 334
Deferred income tax, onshore activities	(240)	-	23 389
Total income tax through profit and loss	30 402	14 363	137 924
Tax refund received, NCS	-	-	111 771
Tax received/(paid), corporate tax	-	-	5 600

Note 4: Exploration expenses

<i>NOK '000</i>	Q1 2010	Q1 2009	2009
Exploration expenses related to license participation	(18 499)	(803)	(35 561)
Exploration expenses, other external expenses (seismic, EM, etc)	(10 637)	(11 109)	(100 705)
Exploration expenses, external	(29 136)	(11 912)	(136 266)
Reclassified from general and administrative expenses	(13 334)	(11 079)	(57 026)
Exploration expenses, previously capitalised	-	-	(38 052)
Total exploration expenses, income statement	(42 470)	(22 991)	(231 344)
Exploration expenses, internal	(7 070)	(12 589)	(30 368)
Total exploration expenses	(49 540)	(35 580)	(261 713)

Note 5: Other general and administrative expenses

<i>NOK '000</i>	Q1 2010	Q1 2009	2009
Payroll and other related expenses	(19 920)	(17 825)	(74 519)
Other expenses	(16 908)	(14 412)	(59 937)
Total	(36 827)	(32 237)	(134 456)
- Reclassified as capitalised development expenses	-	-	-
- Reclassified as exploration expenses	13 334	11 079	57 026
Total general and administrative expenses, income statement	(23 493)	(21 158)	(77 430)

Note 6: Interest and currency swap

Changes in fair value of the interest and currency swap in the first quarter gave a loss of NOK 3.9 million. Total fair value of the swap was negative NOK 9.8 million as of 31 March 2010.

Note 7: Subsequent events

Rocksource ASA has completed a private placement of 83,031,100 shares directed towards existing shareholders, Norwegian and international institutional and private investors after the close of Oslo Stock Exchange on 29 April 2010. The placement was done at a share price of NOK 3.0 per share, and the share capital increase represents approximately 46 per cent of existing outstanding shares. The gross proceeds from the private placement were NOK 249 million.