

Rocksource ASA
Fourth Quarter 2010



15 February 2011

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www.rocksource.com

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- Introduction
- Q4 and recent events
- Financials
- Portfolio update
- Summary
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- Rocksource is an exploration driven company
 - In excess of 1 billion barrels of oil equivalents (boe) in net risked resources
 - In excess of 100 million boe discovered contingent resources
- Rocksource to embark on high potential drilling campaign shortly
 - Five wells sanctioned for 2011, testing approximately 200 million boe net risked resources
 - Net contribution in success case between ca. 40 and 110 million boe per well
- Rocksource has a strong financial position
 - Fully funded for sanctioned programme
 - Flexibility to act on additional opportunities

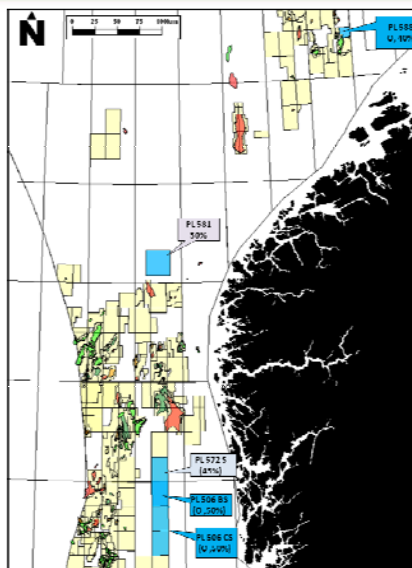
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- Additional prospects firmed up for 2011 drilling
 - Drilling decision on NCS licence PL 559 announced in December
 - Drilling decision on NCS licence PL 535 announced in October
- Longer term prospectivity secured through licensing rounds
 - Successful awards in the Norwegian APA 2010 round announced in January
 - Award of protection acreage in the UKCS 26th round announced in October
- Process to optimise portfolio initiated
 - Rocksource in talks with bidders for its US onshore assets
 - Third party verification of Trident discovery received in the quarter

- Notice of possible change in tax assessment received in October
 - The Oil Taxation Office (OSK) has challenged pricing of EM interpretation services
 - Rocksource strongly disagrees with the alleged basis for OSK's preliminary view and has contested the notices

- Financial flexibility strengthened following recent equity raise
 - NOK 250 million raised at NOK 3 per share on 1 February 2011
 - Partially conditional upon the approval by an Extraordinary General Meeting

- PL 588 ("Dvergen")**
 Operator: Rocksource. Equity 40%.
 Work programme: G&G studies. DoD: One year.
- PL 581 ("Leon")**
 Operator: Dana. Rocksource equity 30%.
 Work programme: G&G studies and EM acquisition. 3D acquisition or drop within one year.
- PL 572 S ("Aragorn")**
 Operator: E.ON. Rocksource equity 45%.
 Work programme: G&G studies. 3D acquisition or drop within one year.
- PL 506 BS and PL 506 CS**
 Operator: Rocksource. Equity 50%.
 Work programme: Follows work programme in PL 506 S. DoD within the next year.



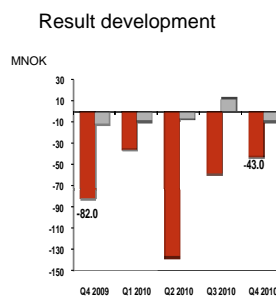
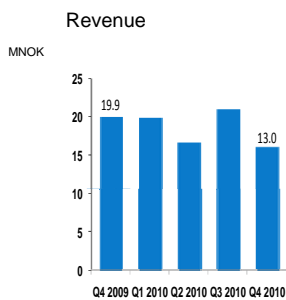
- A third well is now drilling on block CY-DWN-2001/1. As with first two wells, it is not targeting EM prospect as defined by Rocksource.
 - Rocksource has still not signed the Production Sharing Contract and is hence not formally a block member.
 - Commercial discussions with operator ONGC continue.
 - Unless there is a successful outcome from these negotiations, it is Rocksource's view that the company will not be liable for any costs on the block, nor take part in a potential discovery in the ongoing well.
- *For additional disclosure on India situation please refer to Stock Exchange Announcements dated 17 January 2011 and 19 April 2010.*

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Revenue slightly down, net profit slightly improved versus Q3



- Revenue of NOK 13.0 million in the quarter
 - NOK 9.0 million relates to sale of oil and gas in the quarter, NOK 52.1 million for the full year
 - NOK 4.0 million relates to sale of technical services in the quarter, NOK 18.2 million for the full year
- Exploration expenses in the quarter NOK 40.8 million, mainly related to NCS exploration



● Revenue

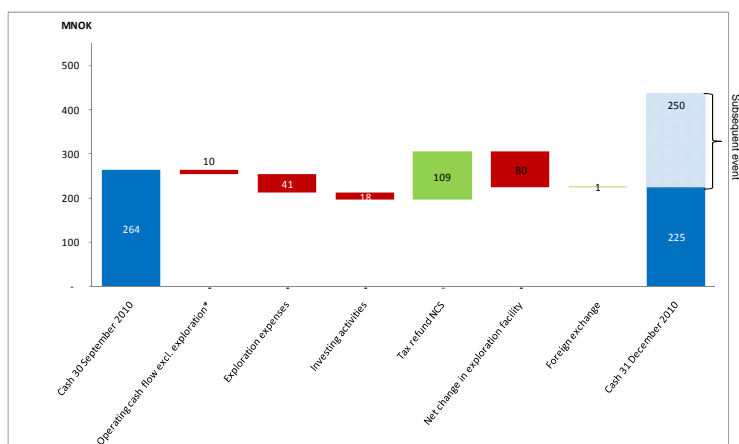
● Net profit/loss

● EBITDA before exploration₁

Strong cash position following recent raise



- Successfully completed financing activities strengthens capital base
 - Cash balance at year-end NOK 225 million
 - Equity issue completed in February securing NOK 250 million in gross proceeds

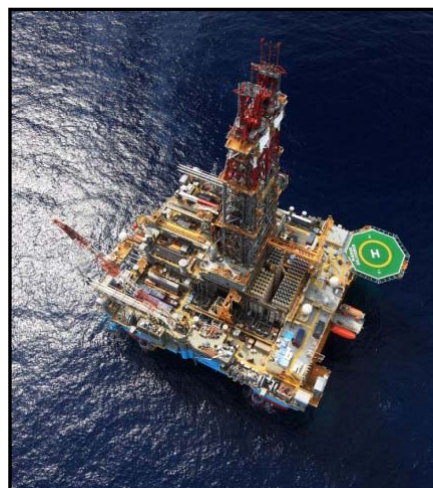


* Includes changes in payables and receivables

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- **Norway**
 - 13 licences on the NCS (of which two extensions), six are operated
 - Four high potential wells in 2011
- **West Africa**
 - High potential well targeting the "Kora" prospect scheduled to spud in April 2011
 - Significant follow up potential
- **Gulf of Mexico**
 - 18 licenses including two discoveries
 - Goal to optimise the portfolio during 2011 and to launch a drilling campaign in 2012
- **India**
 - Rocksource is currently in negotiations with ONGC on the participation in the block partnership



The Maersk Deliverer is scheduled to drill the Kora prospect in April

- Focus on preparations for drilling in 2011 and maturing 2012 wells
- Portfolio optimisation

2011 Exploration Well Schedule



Licence/Lease	Prospect	Equity	Rig	20 11											
				Q1			Q2			Q3			Q4		
				Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
AGC Profond	West Africa	Kora	25%	Maersk Deliverer											
PL 535	NCS	Norvarg	20%	West Phoenix											
PL 416	NCS	Breiflabb	35%	Borgland Dolphin											
PL 530	NCS	Heilo	20%	Aker Barents											
PL 559	NCS	Phoenix	60%	Borgland Dolphin											

Well Preparations

- Kora well to spud after well operations in Mauritania and Ghana, expected early/mid April
- Norvarg spud planned in April with the West Phoenix
- Breiflabb planned as first well in the Borgland Dolphin Consortium, expected June

2011 sanctioned well: "Kora"



Where: Offshore Senegal
 Operator: Ophir Energy
 Rocksource equity: 5/25*

Key prospect: "Kora"
 Mean recoverable: 450 mmmboe
 CoS: 50 %

Rig: Maersk Deliverer
 Type: Ultra deepwater semi sub
 Spud date: April

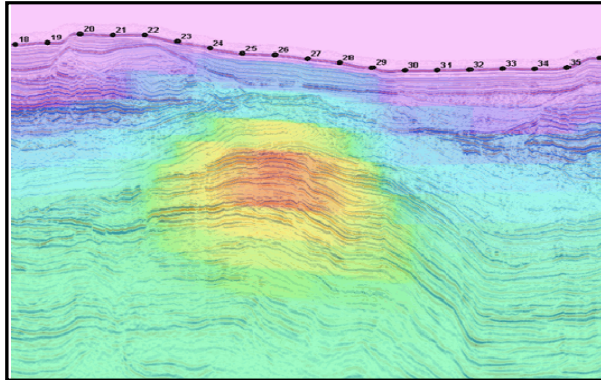
Comments: Structural trap
 Key risk source and migration
 Significant follow up potential



*Rocksource option, assumes participation in two wells

The "Kora" prospect

Kora	
Trap type	Structural 4 way closure
Reservoir	Coniacian - Aptian
Seal	Upper Cretaceous and Tertiary shales
Source	Primary source is Albian shales
EM response	Strong



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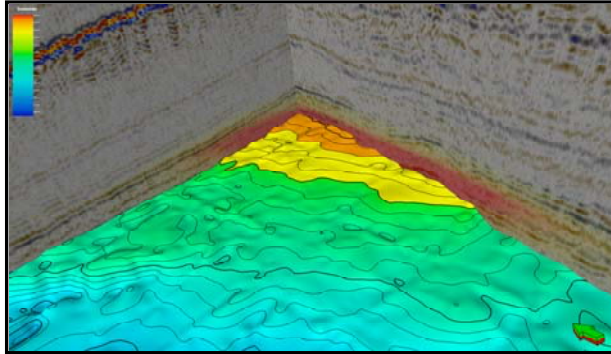
2011 sanctioned well: "Breiflabb"

Where:	Norway, North Sea
Operator:	E.ON Ruhrgas
Rocksource equity:	35 %
Key prospect:	"Breiflabb"
Mean recoverable:	170 mmmboe
CoS:	44 %
Rig:	Borgland Dolphin
Type:	Semi sub
Spud date:	Q2 2011
Comments:	Structural trap Key risk source and migration



The "Breiflabb" prospect

Breiflabb	
Trap type	Tilted fault block with 3 way closure (typical Brent Province)
Reservoir	Sognefjord Fm (same as Troll)
Seal	Draupne (same as Troll)
Source	Draupne (unproven in Stord Basin)
EM response	Moderate to weak as predicted by modelling



2011 sanctioned well: "Norvarg"

Where: Norway, Barents Sea
 Operator: Total E&P Norge AS
 Rocksource equity: 20 %

Key prospect: "Norvarg"
 Mean recoverable: 260 mmmboe
 CoS: 60 %

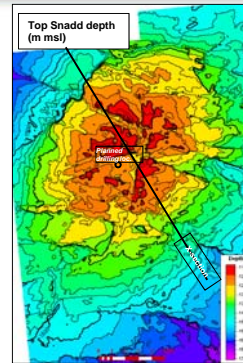
Rig: West Phoenix
 Type: Semi sub
 Spud date: April

Comments: Structural trap, multiple target levels
 Key risk seal and reservoir quality
 On trend with recent discoveries



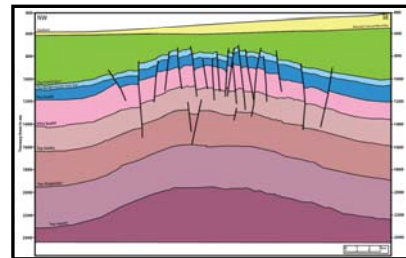
Trap

- Structural trap, large dome structure
- Robust 4-way structural dip closure
- Compartmentalized in several structurally controlled segments



Reservoir

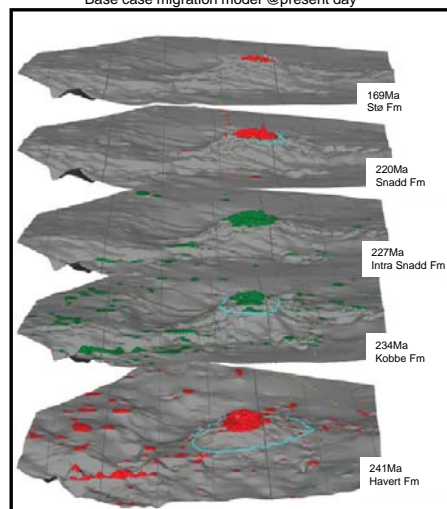
- Multiple reservoir targets
- Primary targets – Kobbe and Snadd Formations (Fm)
- Secondary targets – Stø Fm, Havert Fm and Permian carbonates and sandstones
- Snadd Fm channels revealed on seismic attributes
- Very low risk associated with presence of reservoir
- High risk associated with reservoir quality in Kobbe



Source and Migration

- High quality oil and gas prone source rocks are proven within the drainage areas
- Primary source: Kobbe Fm shales which is proven at nearby discoveries
- Nearby discoveries are gas
- The prospect sits on several potential migration routes, including oil spill routes
- Migration modelling predicts gas in the Stø and Upper Snadd Fm and oil potential in the Intra Snadd and Kobbe Fm

Base case migration model @present day



Seal and Retention

- Proven cap rocks defined by Jurassic shales and intra formational Triassic shales
- High risk associated with HC retention over time due to uplift and erosion
- Shallow fault leakage risk



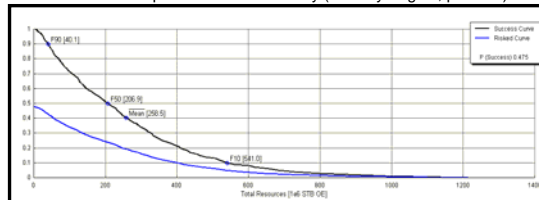
Trap	Low risk
Reservoir	Moderate to high risk
Source and Migration	Low risk
Retention	Moderate to high risk

Probability of Geologic Success (Pg) = 48%

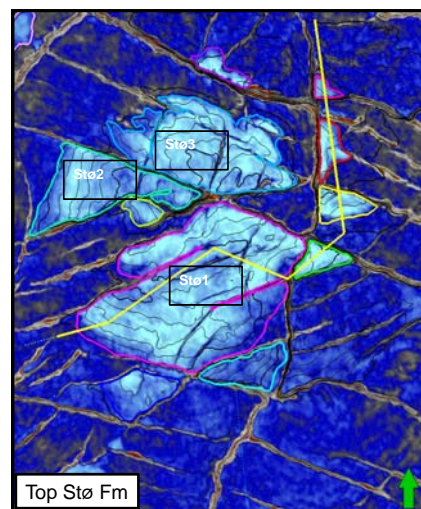
Volumetric Analysis:

- Main targets, mean resources = 260 mmboe
- Multiple zone volumetric roll up
- Combination of both oil and gas cases

Prospect size vs. Probability (Primary targets, pre-DHI)

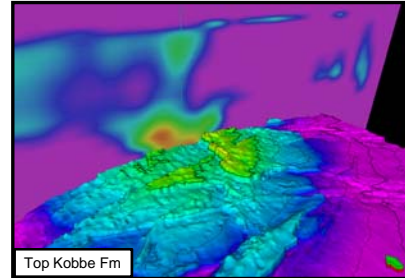


- A 'flat spot' observation coincides with brightening at the Stø Fm level
- Strong AVO associated with Intra Snadd Fm (Carnian channel system)
- Some AVO anomalies are present in the Kobbe Fm (main reservoir).
- Brightening observed on the crest at the Kobbe Fm level



Results

- High quality data (2D and 3D coverage)
- Significant, well defined resistivity response
- Good lateral match between the primary anomaly and its equivalent target (Intra Snadd/Kobbe Fm's)
- Good correlation between the Rocksource proprietary 2D (2007) and the 3D (2008) EM data



Interpretation

- Primary resistivity anomaly is associated with the Top Kobbe and/or the Intra Snadd Fm reservoir targets
- A smaller and weaker anomaly is associated with Top Stø/Top Snadd Fm reservoir targets
- Potential false positive response if deeper lithologies are found to be more resistive than encountered in offset wells

Post DHI prospect evaluation:

Combined EM and seismic attribute analysis have been integrated to;

- update prospect risk assessment
- constrain the volumetric range

Post-DHI COS: **in excess of 60%**

Post-DHI mean resources: **260 mmboe**

- The Norvarg prospect consists of a well defined structural trap containing multiple target reservoirs with substantial upside potential
- Migration modelling suggests several potential migration routes, including oil spill routes, into the prospect, and supports oil potential in the Intra Snadd and Kobbe Fms
 - Key risk is retention and reservoir quality (in Kobbe Fm)
 - Seismic DHIs revealed in Stø, Snadd and Kobbe Fm intervals
- Primary EM anomaly is associated with HC-bearing reservoir at the Intra Snadd and/or Top Kobbe Fm interval
- Post-DHI prospect evaluation suggests an overall high chance of success
- Success case development plans span the wide ranges in prospect volumetric uncertainty and include; stand alone oil developments or major gas hub developments tied back to Melkøya

2011 sanctioned well: "Heilo"

ROCKSOURCE

Where: Norway, Barents Sea
 Operator: GDF Suez E&P Norge AS
 Rocksource equity: 20 %

Key prospect: "Heilo"
 Mean recoverable: 200 mmmboe
 CoS: +50%

Rig: Aker Barents
 Type: Semi sub
 Spud date: Q3/Q4 2011

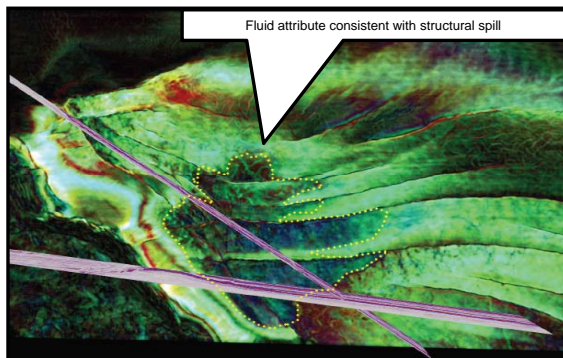
Comments: Structural trap
 Key risk seal and reservoir quality
 On trend with existing discoveries



The "Heilo" prospect

ROCKSOURCE

Heilo	
Trap type	Rotated fault blocks (as Goliat and Nucula)
Reservoir	Multiple targets including the Snadd, Kobbe fms
Seal	Jurassic Shale (as Nucula)
Source	Kobbe Formation (proven in Goliat and Nucula)
EM response Strong EM response	



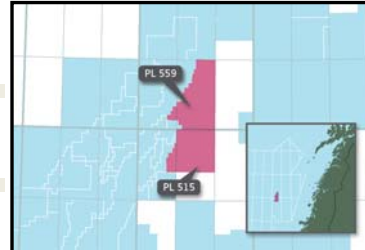
2011 sanctioned well – Phoenix

Where: Norway, Norwegian Sea
 Operator: Rocksource ASA
 Rocksource equity: 60 %

Key prospect: Phoenix
 Mean recoverable: 160
 CoS: 50 %

Rig: Borgland Dolphin
 Type: Semi sub
 Spud date: Q3 2011

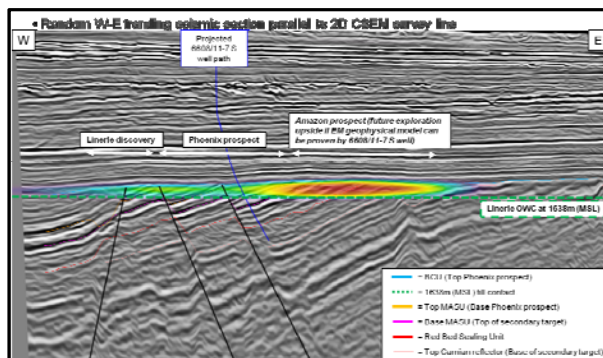
Comments: Significant follow up potential
 Close to existing infrastructure



The Phoenix prospect

Key prospect: Phoenix

Proximity to proven Linerle discovery
 Positive seismic DHI
 Positive EM DHI
 Considerable volumetric potential but broad uncertainty range
 Well path to test lithology for the up-dip Amazon prospect



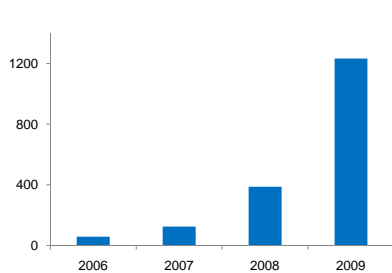
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Recent years characterised by acreage build up
 2011 representing a step change in the company's evolution
 Five sanctioned wells this year, similar potential no. of wells for 2012

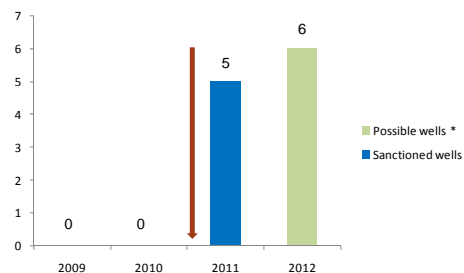
Initial phase: Acreage build up

Next phase: Drilling of high potential wells

Recent years characterised by acreage build up
 (figures in mboe net risked resources):



Entering a new phase in 2011 (no. of firm and possible wells):



* Wells being firmed up 32

In excess of NOK 800 million in funds for exploration drilling



- Cash position in excess of NOK 450 million
 - Repair issue can add an additional NOK 50 million
- NCS credit facility of NOK 500 million in place
 - In excess of NOK 350 million available end Q4
 - Secures cash effective exploration on our main exploration area
- Rocksource will continue to optimise it's portfolio to secure maximum drilling exposure
 - Possible monetisation of non-core assets such as the Trident field and US onshore production
 - Farm downs being considered

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High potential drilling campaign firmed up for 2011



Current sanctioned 2011 programme

Prospect	Operator	Estimated spud	Gross *	RGT%	RGT net**	Oil/Gas
AGC Profond ***	Ophir Energy	Q2	450	25	113	Oil
PL 535 - Norvarg	Total	Q2	260	20	52	Oil/Gas
PL 416 - Breiflabb	E.ON Ruhrgas	Q2	170	35	60	Oil
PL 530 - Heilo	GDF Suez	Q3/Q4	200	20	40	Oil
PL 559 - Phoenix	Rocksource	Q3	160	60	96	Oil

Internal Rocksource estimates. Average CoS +50 %

* Approximately mmboc mean recoverable

** Rocksource volumes in success case

*** 25 per cent working interest assumes Rocksource participation in two wells

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- Launching a high impact drilling campaign
 - Five high impact wells in 2011, multiple options in 2012
 - Significant value potential per year
- Short term triggers coming up
 - Three wells expected to spud in Q2
 - 21st Round awards expected in Q2
- Financial flexibility significantly strengthened following recent equity raise
 - 2011 drilling campaign fully funded without having to utilise existing equity facility
 - Financial base also gives buffer into 2012

2011 will represent a step change for Rocksource, moving from acreage capture to drilling

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Profit and loss statements



NOK '000	Q4 2010	Q3 2010	Q2 2010	Q1 2010	Q4 2009	2010
Operating income oil and gas	8 967	10 550	13 927	18 647	17 070	52 091
Other operating income	4 066	10 320	2 678	1 154	2 807	18 218
Total operating income	13 033	20 870	16 605	19 801	19 878	70 309
Operating expenses oil and gas	(3 983)	(4 810)	(5 046)	(5 593)	(5 649)	(19 433)
Other general and administrative expenses	(11 852)	(3 051)	(18 764)	(23 493)	(25 158)	(57 159)
EBITDA before exploration expenses	(2 802)	13 009	(7 205)	(9 285)	(10 930)	(6 283)
Exploration expenses	(40 802)	(65 365)	(91 098)	(42 470)	(62 942)	(239 736)
EBITDA	(43 604)	(52 356)	(98 303)	(51 755)	(73 872)	(246 019)
Depreciation and amortisation	(6 446)	(7 249)	(11 201)	(11 333)	(10 341)	(36 229)
Impairment loss	-	-	(103 629)	-	(23 117)	(103 629)
Net financial income/(expenses)	(9 206)	(32 377)	12 049	(2 526)	(3 043)	(32 061)
Profit/(loss) before taxes	(59 256)	(91 983)	(201 084)	(65 614)	(110 373)	(417 938)
Income tax	16 308	33 000	64 211	30 402	28 438	143 920
Net profit/(loss)	(42 948)	(58 984)	(136 873)	(35 212)	(81 936)	(274 017)

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Balance sheet statements



NOK '000	31.12.2010	30.9.2010	30.6.2010	31.3.2010	31.12.2009
Deferred tax assets	35 147	49 861	49 569	52 419	50 371
Patents and development expenses	75	134	258	437	636
Goodwill	154 563	154 563	154 563	154 563	154 563
Capitalised exploration and acquisition expenses	75 691	59 533	60 159	53 975	49 417
Total intangible assets	265 476	264 091	264 549	261 394	254 987
Oil and gas properties	47 567	52 828	69 306	167 563	172 496
Furniture, fixtures and office machines	4 795	5 489	6 482	7 203	8 078
Investments in associates	25 130	29 542	31 156	24 719	25 125
Other investments	9 095	8 874	8 654	8 434	8 099
Tax receivable NCS, long-term	-	132 624	99 892	29 738	-
Total tangible assets	86 587	229 357	215 490	237 656	213 799
Total non-current assets	352 063	493 448	480 039	499 050	468 785
Total receivables	25 323	27 892	57 489	31 897	25 861
Tax receivable NCS, short-term	163 898	109 498	109 498	109 498	110 881
Cash and cash equivalents	224 870	263 762	288 628	85 095	166 214
Total current assets	414 091	401 151	455 615	226 490	302 956
TOTAL ASSETS	766 154	894 600	935 654	725 540	771 741
Total equity	363 741	405 609	443 435	347 030	380 535
Total non-current liabilities	203 358	324 263	280 051	231 133	204 064
Total current liabilities	199 055	164 728	212 169	147 377	187 143
TOTAL EQUITY AND LIABILITIES	766 154	894 600	935 654	725 540	771 741

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Cash flow statements

NOK '000	Q4 2010	Q3 2010	Q2 2010	Q1 2010	Q4 2009	2010
Net cash flow from:						
Operating activities	55 384	(76 336)	(63 648)	(102 598)	88 495	(184 080)
Investing activities	(17 695)	(6 004)	(10 188)	(2 258)	(25 293)	(36 145)
Financing activities	(77 335)	57 994	277 092	23 600	(58 413)	278 232
Exchange rate changes	755	(520)	277	137	(202)	650
Net change in cash and cash equivalents	(38 890)	(24 866)	203 533	(81 119)	4 587	58 656
Cash and cash equivalents at start of period	263 762	288 628	85 095	166 214	161 627	166 214
Cash and cash equivalents at end of period	224 870	263 762	288 628	85 095	166 214	224 870

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