

First Quarter 2007



CONSOLIDATED INCOME STATEMENT

<i>NOK '000</i>	Q1 2007 IFRS	Q1 2006 IFRS	2006 IFRS
Operating income			
Revenue	4 019	2 996	17 606
Total operating income	4 019	2 996	17 606
Operating expenses			
Operating costs oil and gas	(2 242)	(3 739)	(9 490)
Payroll and related cost	(12 982)	(2 527)	(26 469)
Depreciation and amortisation	(3 746)	(1 567)	(8 921)
Exploration costs expensed	(5 583)	(22 198)	(57 889)
Other operating expenses	(7 227)	(11 563)	(21 726)
Total operating expenses	(31 779)	(41 595)	(124 496)
Operating result	(27 761)	(38 599)	(106 890)
Financials			
Financial income	834	28	4 528
Foreign currency profit/(loss)	(3 588)	(275)	(2 741)
Financial expenses	(16)	(32)	(236)
Net financial income/(expense)	(2 770)	(279)	1 552
Profit/(loss) before tax	(30 530)	(38 879)	(105 338)
Income tax	4 091	-	17 087
Net profit/(loss)	(26 439)	(38 879)	(88 252)
Attributable to:			
Equity holders of the parent	(26 436)	(38 879)	(88 213)
Minority interest	(3)	-	(38)
Basic earnings per share (<i>NOK</i>)	(0,050)	(0,074)	(0,167)
Diluted earnings per share (<i>NOK</i>)	(0,050)	(0,074)	(0,167)

CONSOLIDATED BALANCE SHEET

<i>NOK '000</i>	31.03.2007	31.03.2006	31.12.2006
	IFRS	IFRS	IFRS
ASSETS			
NON-CURRENT ASSETS			
Intangible non-current assets			
Patents and development costs	2 911	3 522	3 118
Seismic library	18 567	21 536	19 897
Goodwill	154 563	154 563	154 563
Capitalised exploration and acquisition costs	24 154	-	15 217
Total intangible non-current assets	200 195	179 622	192 794
Property, plant and equipment			
Oil- and gas properties	51 576	11 240	27 040
Furniture, fixtures and office machines	5 069	2 995	4 581
Total tangible non-current assets	56 646	14 235	31 621
Total non-current assets	256 840	193 856	224 415
CURRENT ASSETS			
Accounts and other receivables			
Accounts receivable	5 213	1 654	1 873
Other receivables	34 975	13 048	31 612
Cash and cash equivalents	121 821	192 850	105 805
Total current assets	162 009	207 553	139 290
Total assets	418 849	401 409	363 705
EQUITY AND LIABILITIES			
EQUITY			
Share capital	145 686	133 722	132 286
Treasury shares	(25)	(25)	(25)
Share premium reserve	102 939	385 278	42 278
Additional paid in capital	347 459	1 999	342 526
Total shareholders equity	596 059	520 973	517 064
Retained earnings			
Loss carried forward	(209 126)	(135 143)	(182 689)
Total equity attributable to equity holders of the parent	386 934	385 830	334 375
Minority interest	68	-	71
Total equity	387 001	385 830	334 446
LIABILITIES			
Non-current liabilities			
Deferred tax	5 458	-	5 600
Total accruals and commitments	5 458	-	5 600
CURRENT LIABILITIES			
Debt to financial institutions	-	-	-
Accounts and other payables	10 909	2 349	18 626
Other current liabilities	15 481	13 230	5 033
Total current liabilities	26 390	15 579	23 659
Total liabilities	31 848	15 579	29 259
Total equity and liabilities	418 849	401 409	363 705

CONSOLIDATED CASH FLOW STATEMENT

NOK '000	Q1 2007 IFRS	Q1 2006 IFRS	2006 IFRS
Cash flow from operating activities			
Profit/(loss) from operations before exploration expenses	(22 178)	(16 401)	(49 001)
- Exploration costs expensed	(5 583)	(22 198)	(57 889)
Profit/(loss) from operations	(27 761)	(38 599)	(106 890)
Adjustments for:			
Depreciation and amortisation	3 746	1 567	8 921
Share based remuneration	3 186	274	6 950
Interest received	133	28	4 257
Interest paid	(1)	(32)	(54)
Foreign exchange profit/(loss)	(3 588)	(275)	(2 741)
Changes in accounts receivable	(3 340)	(331)	(550)
Changes in accounts payable	3 460	(5 175)	1 428
Changes in other current balance sheet items	4 081	20	2 824
Net cash from operating activities	(20 085)	(42 523)	(85 855)
Cash flows from investing activities			
Purchase of subsidiaries, net of cash	-	-	(14 661)
Net investments in assets	(37 892)	(6 809)	(25 215)
De-merger Nordic Mining	-	-	(10 000)
Net cash flow from investing activities	(37 892)	(6 809)	(49 876)
Cash flow from financing activities			
Net capital increase	74 062	-	-
Net cash flow from financing activities	74 062	-	-
Effect of changes in exchange rates on cash and cash equivalents	(69)	(34)	(681)
Net change in cash and cash equivalents	16 016	(49 367)	(136 412)
Cash and cash equivalents at the beginning of the period	105 805	242 217	242 217
Cash and cash equivalents at the end of the period	121 821	192 850	105 805

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(In NOK '000)	Share capital	Treasury shares	Share premium reserves	Additional paid in capital	Uncovered losses	Total majority	Minority interest	Total equity
Equity 1 January 2007	132 286	(25)	42 278	342 526	(182 689)	334 375	71	334 446
Net capital increase	13 400	-	60 661	-	-	74 062	-	74 062
Share based remuneration	-	-	-	3 186	-	3 186	-	3 186
Currency translation differences	-	-	-	1 748	-	1 748	-	1 748
Total transactions recognised directly in equity	145 686	(25)	102 939	347 459	(182 689)	413 370	71	413 440
Net profit/(loss) for the period	-	-	-	-	(26 436)	(26 436)	(3)	(26 439)
Equity 31 March 2007	145 686	(25)	102 939	347 459	(209 126)	386 934	68	387 001

Number of shares a NOK 0,25	Ordinary	Weighted ⁽¹⁾
Issued as of 1 January 2007 in 1.000	529 145	529 145
-Treasury shares in 1.000	(100)	(100)
Issued as of 8 February in 1.000	233	49
Issued on 16 March in 1.000	457	61
Issued on 22 March in 1.000	52 910	4 703
Total number of shares in 1.000	582 645	533 858

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

ROCKSOURCE Group - Notes first quarter 2007

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 2007. 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 2006, 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 presentation of the Interim Financial Statements is consistent with the Annual Financial Statements.

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

There have been no material transactions between the segments, except for internal project and administrative support.

In nok '000	Onshore - Oil & Gas activities		Offshore Oil & Gas activities		Geo-technical activities		Non-allocated activities		Total	
	Q1-2007	Q1-2006	Q1-2007	Q1-2006	Q1-2007	Q1-2006	Q1-2007	Q1-2006	Q1-2007	Q1-2006
Revenue	5 348	2 231	-	-	580	764	(1 910)	-	4 019	2 996
Operating cost oil & gas	(3 329)	(3 739)	-	-	-	-	1 087	-	(2 242)	(3 739)
Payroll expences	(2 089)	(510)	(3 766)	(750)	(7 127)	(1 267)	-	-	(12 982)	(2 527)
Depreciation	(1 710)	(751)	(263)	(546)	(1 772)	(270)	-	-	(3 746)	(1 567)
Exploration costs	(31)	(23)	(5 552)	(22 174)	-	-	-	-	(5 583)	(22 198)
Other operating expences	(813)	(311)	(2 584)	(5 096)	(4 653)	(1 565)	823	(4 592)	(7 227)	(11 563)
Operating result	(2 625)	(3 104)	(12 165)	(28 566)	(12 971)	(2 337)	-	(4 592)	(27 761)	(38 599)
Net financial income/(expense)	(1 086)	(335)	(1 948)	806	265	(1 878)	-	1 127	(2 770)	(279)
Profit before tax	(3 711)	(3 439)	(14 113)	(27 760)	(12 707)	(4 215)	-	(3 465)	(30 531)	(38 879)
Tax expence / (income)	-	-	4 091	-	-	-	-	-	4 091	-
Net profit	(3 711)	(3 439)	(10 022)	(27 760)	(12 707)	(4 215)	-	(3 465)	(26 439)	(38 879)
Total Assets	89 007	13 750	144 308	209 944	185 535	185 076	-	(7 360)	418 849	401 409
Capital expenditure	37 097	1 538	47	699	748	4 572	-	-	37 892	6 809

Note 2: Related parties /share based remuneration

Reference is made to detailed information disclosed in the Annual Report for 2006 regarding related parties transactions.

Options under the share based remuneration program were following the approval in the extraordinary General Meeting on 23 February 2006 recognised in the financial statements from the grant dates. Expensed share based remuneration for the first quarter (including employer's social security contributions) is TNOK 3.646 (first quarter 2006 TNOK 274).

Note 3: Taxes

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 first quarter the group has accounted for positive income taxes payable of NOK 4.1 million (first quarter 2006 NOK 0 million).

Note 4: Purchase of Sandhawk Energy LLC

Following the success in the drilling campaign initiated after the purchase of Sandhawk Energy LLC in 2006, success bonuses to the former owners have been triggered. In addition to the original purchase price of USD 2.5 million, USD 1.0 million will be paid following a sustained production in excess of 500 boepd from one of the two Morian areas. This success bonus has in first quarter been allocated to the purchase price of Sandhawk Energy LLC.