

Second Quarter 2005



ROCKSOURCE

Resultatregnskap / Income statement

	Q2 2005	Q2 2004	30.06.2005	30.06.2004	2004
	IFRS	IFRS	IFRS	IFRS	IFRS
	<i>NOK 000'</i>	<i>NOK 000'</i>	<i>NOK 000'</i>	<i>NOK 000'</i>	<i>NOK 000'</i>
Driftsinntekter / Operating income					
Salgsinntekter / Revenue	1 743	-	1 782	-	219
Sum driftsinntekter/Total Operating income	1 743	-	1 782	-	219
Driftskostnader/ Operating expenses					
Driftskostnader, olje og gass / Operating costs, oil & gas	1 706	-	1 765	-	215
Lønnskostnad / Payroll and related cost	760	-	1 508	-	1 592
Avskrivning på varige driftsmidler / Depreciation and amortisation	591	-	610	-	1 110
Nedskrivning av varige driftsmidler / Impairment loss on fixed assets	-	-	-	-	32 578
Annen driftskostnad / Other operating expenses	7 036	763	11 197	763	7 006
Sum driftskostnader / Total operating expenses	10 093	763	15 080	763	42 501
Driftsresultat / Operating result	-8 350	-763	-13 298	-763	-42 282
Finansinntekter / Financial income	82	-	208	-	363
Finanskostnader / Financial expenses	662	-	730	-	615
Netto finansposter/ Net financials	-580	-	-522	-	-253
Resultat/Result	-8 930	-763	-13 820	-763	-42 534
Herav majoritetens andel av resultatet / Majority share of profit	-8 301	-763	-12 501	-763	-41 824
Herav minoritetens andel av resultatet / Minority share of profit	-629	-	-1 319	-	-710
Resultat pr aksje / Result per share	-0,030	-0,763	-0,046	-0,763	-0,286
Utvannet resultat pr aksje / Diluted result per share	-0,030	-0,763	-0,046	-0,763	-0,286

Balanse / Balance sheet

	30.06.2005	30.06.2004	31.12.2004
	IFRS	IFRS	IFRS
	NOK 000'	NOK 000'	NOK 000'
EIENDELER / ASSETS			
Aleggsmidler/Fixed Assets			
Immatrielle Eiendeler/Intangible fixed assets			
Immaterielle eiendeler/ Intangible assets	110	-	41
Goodwill	154 563	-	117 534
Sum immatrielle eiendeler/Total intangible fixed assets	154 673		117 575
Varige driftsmidler/Tangible fixed assets			
Olje- og gaseiendommer / Oil- and gas properties	10 485	-	947
Inventar og kontormaskiner / Furniture, fixtures and office machines	198	-	85
Sum Varige driftsmidler/Total tangible assets	10 684		1 032
Sum anleggsmidler / Total fixed assets	165 357	-	118 607
OMLØPSMIDLER / CURRENT ASSETS			
Kortsiktige fordringer / short term receivables			
Kundefordringer / Trade receivables	851	-	-
Andre fordringer / Other receivables	4 487	-	1 009
Sum fordringer / Total receivables	5 338		1 009
Bankinnskudd / Bank deposits	61 297	110	25 544
Sum omløpsmidler / Total current assets	66 635	110	26 553
SUM EIENDELER / TOTAL ASSETS	231 992	110	145 160
EGENKAPITAL OG GJELD / EQUITY AND LIABILITIES			
Egenkapital/Equity			
Aksjekapital / Share capital	81 466	100	74 060
Egne aksjer / Own shares	-25	-	-25
Overkursfond / Share premium reserve	10 678	-	-
Vedtatt, ikke registrert kapitalforhøyelse / Equity not registered	114 000	-	-
Annen egenkapital / Other equity	-	-763	-49 066
Minoritetsinteresser / Minority interest	-	-	117 373
Sum egenkapital/Total equity	206 119	-663	142 342
Gjeld/Liabilities			
Kortsiktig gjeld / Current liabilities			
Leverandørgjeld / Trade payables	2 846	-	2 088
Gjeld til kredittinstitusjoner / Debt to financial institutions	20 129	-	-
Annen kortsiktig gjeld / Current liability	2 898	773	730
Sum gjeld / Total liabilities	25 873	773	2 818
SUM EGENKAPITAL OG GJELD / TOTAL EQUITY AND LIABILITIES	231 992	110	145 160

Kontantstrømoppstilling/ Cashflow statement

	Q2 2005	Q2 2004	30.06.2005	30.06.2004	2004
	IFRS	IFRS	IFRS	IFRS	IFRS
	<i>NOK 000'</i>	<i>NOK 000'</i>	<i>NOK 000'</i>	<i>NOK 000'</i>	<i>NOK 000'</i>
Operasjonelle aktiviteter / Operational activities					
Ordinært resultat før skattekostnad / Result before tax	-8 930	-763	-13 820	-763	-42 534
Ordinære avskrivning / Depreciation and amortization	591	-	610	-	1 110
Nedskrivninger anleggsmidler / Impairment of fixed costs	-	-	-	-	32 578
Endring av andre tidsavgrensingsposter / Changes in other current balance sheet items	1 189	773	-365	773	-6 539
Effekt av valutakursendringer / Effect of changes in exchange rates	15	-	15	-	65
Netto kontantstrøm fra operasjonelle aktiviteter / Net cash flow from operational activities	-7 135	10	-13 561	10	-15 320
Investeringsaktiviteter / Investing activities					
Utbetalinger ved kjøp av driftsmidler/prosjektkostnader/ Investments in tangible assets	-10 029	-	-10 139	-	-483
Innbetaling ved salg driftsmidler/prosjekter / Cash flow from sales of assets	182	-	208	-	-
Innbetaling ved endret konsernsammensetning / Cash flow from changes to the group	-	-	-	-	750
Effekt av valutakursendringer / Effect of changes in exchange rates	-368	-	-410	-	-224
Netto kontantstrøm fra investeringsaktiviteter / Net cash flow from investing activities	-10 215	-	-10 341	-	43
Finansieringsaktiviteter / Financing activities					
Innbetalinger ved opptak av ny langsiktig gjeld / Proceeds from issuance of long term debt	19 080	-	19 080	-	-
Emisjons- og fusjonskostnader / Merger costs	-426	-	-426	-	-
Innbetalinger ved utstedelse av aksjekapital / Capital increase	40 934	100	40 934	100	40 413
Effekt av valutakursendringer / Effect of changes in exchange rates	-	-	-	-	-
Netto kontantstrøm fra finansieringsaktiviteter / Net cash flow from financing activities	59 588	100	59 588	100	40 413
Effekt av valutakursendringer på kontanter / Exchange rate changes	50	-	67	-	-57
Netto endring i kontanter / Net change in cash	42 288	110	35 753	110	25 079
Beholdning av kontanter periodestart / Cash at start of period	19 009	-	25 544	-	465
Beholdning av kontanter periodeslutt / Cash at end of period	61 297	110	61 297	110	25 544

Egenkapital / Equity

	Aksje kapital Share Capital	Egne aksjer Own Shares	Annen egen kapital Other equity	Ikke reg kapitalforh/ Equity not registred	Minoritet/ Minority	Sum egenkapital/ Total Equity
Egenkapital 01.01.2005 IFRS	74 060	-25	-49 066	0	117 373	142 342
Rettet emisjon / Issue of shares	7 406	0	33 528	0	0	40 934
Emisjons- og fusjonskostnader / Merger and issue expences	0	0	-436	0	0	-436
Økt vederlag minoritet (fusjon) / Changes to minority interests	0	0	40 402	114 000	-117 373	37 029
Omregningsdifferanser valuta / Exchange rate adjustments	0	0	70	0	0	70
Periodens resultat inkl minoritet / Net Income	0	0	-13 820	0	0	-13 820
Egenkapital / Equity 30.06.2005 IFRS	81 466	-25	10 678	114 000	0	206 119

Antall aksjer /Number of shares	a NOK 0,25
01.01.2005 (i hele tusen / in 1.000)	296 241
30.06.2005 (i hele tusen / in 1.000)	325 865

ROCKSOURCE Group – Notes 2nd quarter 2005

Principles and reporting

The quarterly reports are in accordance with IFRS, stating converted 2004 IFRS accounting figures for comparison purposes. Brief information on the transition from NGAAP to IFRS is included in note 1. Refer otherwise to more detailed information in the interim financial statement for Q1 2005. The transition to IFRS took place when Amergy AS was established/formed in March 2004. This was the acquiring company for accounting purposes in the merger with Ecuator ASA that was carried out in the autumn of 2004. The comparison figures for 2004 are the figures for Amergy AS.

The consolidated accounts include Rocksource ASA (Rocksource), Rocksource Energy Corporation (Rocksource Energy) and the merged Ecuator Geotech AS (Ecuator Geotech) and Rocksource Geotech AS (Rocksource Geotech), see below.

Rocksource acquired 20% of the shares in Rocksource Geotech in September 2004 and also had an option to buy the remaining 80% of the shares for NOK 150 million by 1 July 2009. As a result of this option, Rocksource Geotech has become consolidated for accounting purposes from the acquisition date, 3 September 2004. Rocksource's wholly owned subsidiary, Ecuator Geotech AS, entered into a merger agreement with Rocksource Geotech on 4 May 2005, according to which the latter would become a wholly owned by Rocksource. The shareholders in Rocksource Geotech are to receive 100 million shares in Rocksource as payment. The merger and associated increase in capital were registered 15.08.2005.

All of the estimated excess value relating to the acquisition of consolidated companies has been defined as goodwill. Following a concrete assessment, the excess value that has been acquired is mainly regarded as being linked to person-related expertise and geology experience, as well as to access/rights to technology that is promising and still being developed. The excess value cannot therefore, in the Company's opinion, be classified as an intangible asset, either in whole or in part, but should instead be classified as goodwill.

Exploration and development costs for oil and gas properties are capitalised according to the successful effort method. The IFRS currently do not specify any industry-specific standard for oil and gas activities, and IFRS 6 allows the continued application of previously used principles. Nonetheless, the Group has chosen to start using successful effort instead of full cost. All exploration costs, with the exception of licence purchases and costs relating to drilling are charged to expenses as they are incurred. Development costs (including those relating to exploration drilling) are capitalised using continuous write-down testing. Capitalised costs are depreciated as from and including the year when commercial reserves are proven on the field.

Note 1: The effect of the transition to IFRS

Rocksource ASA has conducted an analysis of the differences between NGAAP and IFRS, and the reconciliation below shows a summary of the effects on the equity and results.

The date of the transition from NGAAP to IFRS is the date when Amergy AS was formed (March 2004). At that time, there were no differences between NGAAP and IFRS, so no reconciliation has been prepared for the opening balance sheet on the transition date.

Reconciliation of transition to IFRS	Accounting year 2004	
	Equity 31.12.2004	Result 2004
Accounting year 2004		
NGAAP	28 799	-44 031
Goodwill – reversed amortisation	101	101
Consolidation Rocksource Geotech AS	113 403	-597
Merger - Changed implementation date	0	2 130
Rocksource EC – conversion to "successful effort" method	39	-136
IFRS - incl. minority interests	142 342	-42 534

The quarterly figures for 2004 consist of those for Amergy AS. There is no accounting difference between NGAAP and IFRS.

Note 2: Segment information per. 30.06.05

The Company's primary segmentation is into the following business areas:

1. Oil and gas
2. Minerals and metals

The oil and gas segment is in a developmental phase and the information value of allocated accounting figures is considered to be slight.

The figures therefore only state the allocated income and result.

The gold-related operations no longer form part of the Group's core area and there has been little activity in this segment so far in 2005.

The Company's secondary reporting format is geographical.

Business Areas	Minerals/m		Total
	Oil/gas	etals	
Income	1 720	62	1 782
Result	-13 553	-267	-13 820

Geography	Norway	USA	Ecuador	Total
	Income	0	1 720	
Results	-11 511	-2 371	62	-13 820

Note 3: Pro forma figures

The transferring company in the merger with Ecuator Geotech, Rocksource Geotech, was consolidated for accounting purposes as from the audit date in September 2004. Pro forma figures would not, therefore, provide any additional information and have thus not been prepared.



ROCKSOURCE