

Second Quarter 2006



**CONSOLIDATED INCOME STATEMENT**

	<b>Q2 2006</b>	<b>Q2 2005</b>	<b>01.01 -</b>	<b>01.01 -</b>	<b>2005</b>
	<b>IFRS</b>	<b>IFRS</b>	<b>30.06.06</b>	<b>30.06.05</b>	<b>IFRS</b>
	<i>NOK 000'</i>	<i>NOK 000'</i>	<i>NOK 000'</i>	<i>NOK 000'</i>	<i>NOK 000'</i>
<b>Operating income</b>					
Revenue	2 990	1 743	5 985	1 782	10 927
<b>Total operating income</b>	<b>2 990</b>	<b>1 743</b>	<b>5 985</b>	<b>1 782</b>	<b>10 927</b>
<b>Operating expenses</b>					
Operating costs oil and gas	(2 506)	(1 706)	(6 245)	(1 765)	(11 367)
Payroll and related cost	(7 665)	(760)	(10 192)	(1 508)	(4 153)
Depreciation and amortisation	(1 262)	(591)	(2 829)	(610)	(4 874)
Exploration cost expensed	(1 704)	-	(23 902)	-	-
Other operating expenses	(8 488)	(7 036)	(20 051)	(11 197)	(37 897)
<b>Total operating expenses</b>	<b>(21 625)</b>	<b>(10 093)</b>	<b>(63 220)</b>	<b>(15 080)</b>	<b>(58 291)</b>
<b>Operating result</b>	<b>(18 635)</b>	<b>(8 350)</b>	<b>(57 234)</b>	<b>(13 298)</b>	<b>(47 364)</b>
<b>Financials</b>					
Financial income	2 214	82	2 242	208	3 935
Financial expenses	(2 622)	(662)	(2 929)	(730)	(3 300)
<b>Net financial income/(expense)</b>	<b>(408)</b>	<b>(580)</b>	<b>(688)</b>	<b>(522)</b>	<b>635</b>
<b>Profit/(loss) before taxes</b>	<b>(19 043)</b>	<b>(8 930)</b>	<b>(57 922)</b>	<b>(13 820)</b>	<b>(46 729)</b>
Income tax expense	-	-	-	-	-
<b>Net profit/(loss)</b>	<b>(19 043)</b>	<b>(8 930)</b>	<b>(57 922)</b>	<b>(13 820)</b>	<b>(46 729)</b>
<b>Attributable to:</b>					
Equity holders of the parent	<b>-19 043</b>	-8 301	<b>-57 922</b>	-12 501	-45 410
Minority interest	-	-629	-	-1 319	-1 319
Basic earnings per share	(0.035)	(0.030)	(0.109)	(0.046)	(0.123)
Diluted earnings per share	(0.035)	(0.030)	(0.109)	(0.046)	(0.123)

**CONSOLIDATED BALANCE SHEET**

	30.06.2006 IFRS NOK 000'	30.06.2005 IFRS NOK 000'	31.12.2005 IFRS NOK 000'
<b>ASSETS</b>			
<b>Non-current assets</b>			
Patents and development costs	3 503	110	3 686
Seismic library	23 740	-	17 902
Goodwill	154 563	154 563	154 563
Oil- and gas properties	11 167	10 485	10 755
Furniture, fixtures and office machines	4 791	198	2 030
<b>Total non-current assets</b>	<b>197 765</b>	<b>165 357</b>	<b>188 936</b>
<b>Current Assets</b>			
Accounts receivables	530	851	1 323
Other receivables	13 109	4 487	9 671
Cash and cash equivalents	160 175	61 297	242 217
<b>Total current assets</b>	<b>173 813</b>	<b>66 635</b>	<b>253 211</b>
<b>Total assets</b>	<b>371 578</b>	<b>231 992</b>	<b>442 147</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders equity</b>			
Share capital	132 286	81 466	131 539
Treasury shares	(25)	(25)	(25)
Share premium reserve	42 278	10 678	381 305
Equity not registred	0	114 000	-
Additional paid in capital	335 132	61 567	1 708
Loss carried forward	(149 991)	(61 567)	(94 476)
<b>Total equity attributable to equity holders of the parent</b>	<b>359 679</b>	<b>206 119</b>	<b>420 051</b>
Minority interest	-	-	-
<b>Total equity</b>	<b>359 679</b>	<b>206 119</b>	<b>420 051</b>
<b>Current liabilities</b>			
Debt to financial institutions	-	20 129	-
Accounts and other payables	4 661	2 846	6 159
Other current liabilities	7 238	2 898	15 937
<b>Total current liabilities</b>	<b>11 899</b>	<b>25 873</b>	<b>22 096</b>
<b>Total liabilities</b>	<b>11 899</b>	<b>25 873</b>	<b>22 096</b>
<b>Total shareholders equity and liabilities</b>	<b>371 578</b>	<b>231 992</b>	<b>442 147</b>

## CONSOLIDATED CASH FLOW STATEMENT

	Q2 2006 IFRS NOK 000'	Q2 2005 IFRS NOK 000'	01.01 - 30.06.06 IFRS NOK 000'	01.01 - 30.06.05 IFRS NOK 000'	2005 IFRS NOK 000'
<b>Cash flow from operating activities</b>					
Profit/(loss) from operations before exploration expenses	(16 931)	(8 872)	(33 332)	(13 820)	(47 364)
- Exploration cost expensed	(1 704)	-	(23 902)	-	-
<b>Profit/(loss) from operations</b>	<b>(18 635)</b>	<b>(8 872)</b>	<b>(57 234)</b>	<b>(13 820)</b>	<b>(47 364)</b>
<b>Adjustments for:</b>					
Depreciation and amortisation	1 262	591	2 829	610	4 924
(Gain)/losses on financial assets	-	-	-	-	7
Share based remuneration	1 151	-	1 425	-	1 708
Interest received	55	124	83	250	1 971
Interest paid	(5)	(50)	(37)	(50)	(2 930)
Exchange gains / (losses)	(2 617)	-	(2 892)	-	(9)
Changes in trade receivables	1 124	-	793	-	(1 323)
Changes in other payables	(3 741)	-	(8 916)	-	4 191
Changes in other current balance sheet items	4 492	705	4 512	(961)	6 807
<b>Net cash from operating activities</b>	<b>(16 914)</b>	<b>(7 502)</b>	<b>(59 437)</b>	<b>(13 971)</b>	<b>(32 018)</b>
<b>Cash flows from investing activities</b>					
Purchase of PP&E	(5 734)	(10 029)	(12 543)	(10 139)	(38 419)
Proceeds from sales of assets	-	182	-	208	207
<b>Net cash flow from investing activities</b>	<b>(5 734)</b>	<b>(9 847)</b>	<b>(12 543)</b>	<b>(9 931)</b>	<b>(38 212)</b>
<b>Cash flow from financing activities</b>					
Net capital increase	-	40 508	-	40 508	286 426
De-merger Nordic Mining	(10 000)	-	(10 000)	-	-
Proceeds from issue of short term debt	-	19 080	-	19 080	19 080
Repayment of short term debt	-	-	-	-	(19 080)
<b>Net cash flow from financing activities</b>	<b>(10 000)</b>	<b>59 588</b>	<b>(10 000)</b>	<b>59 588</b>	<b>286 426</b>
Effect of changes in exchange rates on cash and cash equivalents	(29)	50	(63)	67	477
<b>Net change in cash and cash equivalents</b>	<b>(32 676)</b>	<b>42 289</b>	<b>(82 042)</b>	<b>35 753</b>	<b>216 673</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>192 850</b>	<b>19 008</b>	<b>242 217</b>	<b>25 544</b>	<b>25 544</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>160 175</b>	<b>61 297</b>	<b>160 175</b>	<b>61 297</b>	<b>242 217</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(In NOK '000)	Share capital	Treasury shares	Share premium reserves	Other equity	Total equity
<b>Equity 1 January 2006</b>	<b>131 539</b>	<b>(25)</b>	<b>381 305</b>	<b>(92 768)</b>	<b>420 051</b>
Net capital increase	747	-	3 973	-	4 719
Capital increase, transfer from funds	1 436	-	-	(1 436)	-
Share based remuneration	-	-	-	1 497	1 497
Transfer from Share premium reserves	-	-	(343 000)	343 000	-
De-merger of Nordic Mining	(1 436)	-	-	(8 564)	(10 000)
Currency translation differences	-	-	-	1 334	1 334
<b>Total transactions recognised directly in equity</b>	<b>747</b>	<b>-</b>	<b>(339 027)</b>	<b>335 831</b>	<b>(2 450)</b>
Net profit/(loss) for the period	-	-	-	(57 922)	(57 922)
<b>Equity 30 June 2006</b>	<b>132 286</b>	<b>(25)</b>	<b>42 278</b>	<b>185 141</b>	<b>359 679</b>
<b>Number of shares a NOK 0,25</b>	<b>Ordinary</b>	<b>Weighted(1)</b>			
Issued on 1 January 2006 in 1.000	529 145	529 145			
- Treasury shares in 1.000	(100)	(100)			
Issued on 23 February in 1.000	2 987	2 096			
<b>Total number of shares in 1.000</b>	<b>532 032</b>	<b>531 140</b>			

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

## ROCKSOURCE Group - Notes second quarter 2006

### Principles and reporting

These financial statements are the unaudited interim consolidated financial statements of Rocksource ASA and its subsidiaries (hereafter "the Group") for the six-month period ended 30 June 2006. 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 2005, 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. Oil and gas exploration and production
2. Geo-technical services
3. Minerals and metals

The minerals and metals segment was de-merged into a separate company – Nordic Mining ASA - at May 8 2006, see note 3.

The segments do not have separate financing/funding and net financials is not allocated. There have been no material transactions between the segments.

YTD 2006	Geo-technical		Minerals/	Total
	Oil/gas	services	metals	
Revenue	3 995	1 991	0	<b>5 985</b>
Operating result	-43 838	-8 027	-5 369	<b>-57 234</b>
Assets	14 115	183 650	0	<b>197 765</b>

Q2 2006	Geo-technical		Minerals/	Total
	Oil/gas	services	metals	
Revenue	1 763	1 226	0	<b>2 990</b>
Operating result	-12 168	-5 690	-777	<b>-18 635</b>
Assets	14 115	183 650	0	<b>197 765</b>

Q1 2006	Geo-technical		Minerals/	Total
	Oil/gas	services	metals	
Revenue	2 231	764	0	<b>2 996</b>
Operating result	-31 670	-2 337	-4 592	<b>-38 599</b>
Assets	12 829	181 027	0	<b>193 856</b>

### Note 2: Related parties /share based remuneration

Reference is made to detailed information disclosed in the Annual Report for 2005 regarding related parties transactions.

Options under the share based remuneration program were recognised in the 2005 Financial Statements from the date of agreement, but the actual grant date was the Extraordinary General Meeting on 23 February 2006. Accordingly a new estimate of the fair value has been calculated at the grant date. Expensed share based remuneration for the second quarter (including employer's social security contributions) is TNOK 1.151 (first quarter TNOK 274).

### Note 3: De-merger of mineral and metals activities.

The de-merger of Rocksource ASA and the incorporation of Nordic Mining ASA entered into force 8 May 2006. For details, see stock exchange notice from 10 May 2006.