

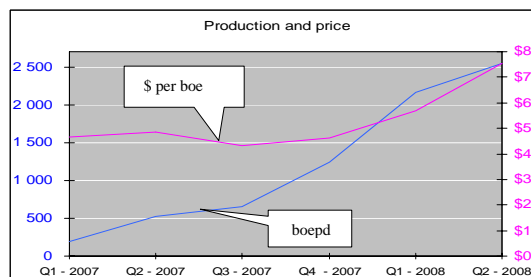
# SECOND QUARTER AND FIRST HALF 2008 RESULTS

*Rocksource aims to be an innovative, fast growing E&P company. Our vision is to deliver amongst the highest exploration success rates in the industry by appropriate application of technology. Our strategy is to build an early cash flow position in the US, while at the same time building a sustainable exploration-led portfolio in the North Sea. In the longer term the Company aims to build further reserves and production in basins where we can leverage out EM and reservoir technology.*

## KEY FINANCIAL FIGURES

(Quarter and half-year unaudited)

NOK '000	QUARTERLY RESULTS		HALF-YEARLY		FULL YEAR 2007
	Q2 2008	Q2 2007	1H 2008	1H 2007	
Operating income	89 988	13 957	149 919	17 976	66 708
Exploration costs	(36 612)	(50 782)	(59 564)	(55 501)	(147 712)
EBITDA <sup>(1)</sup>	29 969	(64 955)	46 953	(88 970)	(174 986)
Income tax	32 460	38 431	53 898	42 522	182 825
Net profit/(loss)	42 432	(36 574)	45 972	(63 013)	(45 358)
Investment <sup>(2)</sup>	19 143	34 341	43 737	72 233	171 634
Net production boepd	2 551	521	2 353	364	656



<sup>(1)</sup>Earnings before interest, taxes, depreciation and amortisation

<sup>(2)</sup>Investments in assets – cash effect

## FINANCIAL HIGHLIGHTS

All figures in million NOK (m)

### Strong growth in profit and cash flow

- Strongest quarter so far, with operating income of NOK 90.0m, an increase of 50% compared to NOK 59.9m in first quarter. Net profit in second quarter was 42.4m NOK, up from NOK 3.5m in first quarter 2008.
- Average production in second quarter was 2 551 boepd and brings the average for 1st half of 2008 to 2 353 boepd. Average price per boe in the quarter was \$75.3, up from \$56.8 last quarter.
- EBITDA was NOK 30.0m in the quarter, up from negative NOK 65.0m from same quarter 2007, and up from NOK 17.0m in first quarter 2008.
- Taxes of NOK 32.5m in the quarter relates to NCS exploration and will be refunded next year.

### Continued focus on NCS exploration

- External exploration cost, before the tax refund, was NOK 36.6m in the quarter, up from NOK 23.0m previous quarter. Exploration cost is mainly driven by a 3D seismic acquisition on license PL416 (Breiflabb), where Rocksource holds 35% equity.
- Considerable work has been undertaken as a preparation for the APA 2008 and the 20th licensing round applications on NCS, and together with maturing of owned licenses explains the remaining income tax in the quarter.

### Investments onshore US

- The third drilling campaign was sanctioned and prepared in the quarter. Capital expenditure in the quarter was NOK 18.5m, down NOK 4.6m from last quarter. After other investments of NOK 0.7m, the total investments were NOK 19.1m in the quarter.

## OPERATIONAL HIGHLIGHTS

### Onshore production US

- Average production in June was 2 682 boepd, giving an average for the quarter of 2 551 boepd.
- Production in June has been stable with only minor technical downtime. The production level is expected to stay at the current plateau supported by well recompletions and the drilling of 4 new production wells as part of the third drilling campaign starting in August.
- The average production target for 2008 has been raised to 2 500 boepd. The Group has announced that, given success in two exploration wells to be drilled in 2008, a field development will be undertaken to double proven reserves to 10 mill boe with production of 5 000 boepd by end of 2010.

### Licensing round status

- On 21 May 2008 Rocksource submitted applications for the UKCS 25th Seaward Licensing Round. Awards are expected in Q4 2008.
- The Ministry of Oil and Energy announced open blocks in the Norwegian 20th Round that fit well with Rocksource's targets and the Company is well positioned for the round. Awards are expected in 2009. In addition preparations for the APA applications are ongoing.

### Exploration

- The Breiflabb prospect is being matured to a drill or drop decision based on the acquired 3D seismic data that is integrated with other existing data sources, including the CSEM data acquired last year.
- An EM survey on the wholly owned PL 456 will test the "Cyclops" prospect in Q3 2008.
- Negotiations continued with ONGC to establish joint exploration activities.

## HIGHER PRODUCTION REALISED AT RECORD OIL AND GAS PRICES

*The second quarter 2008 marked a milestone for the company where profit before tax, as well as cash from operations, were positive in the period. This was driven by higher stable production, supported by record high oil and gas prices. In addition to a maturing license portfolio, specially focused on the Breiflabb prospect on NCS, exploration activity remains high with applications submitted for the UK 25th round and preparations for upcoming licensing rounds in Norway. Focus remains on NCS activities, as well as further inorganic international growth.*

### FINANCIAL HIGHLIGHTS

Turnover in the second quarter marks another record, reflecting further production increases based on completion and tie-in of wells in the second drilling program in the US. Oil and gas prices achieved in the quarter were at record levels, yielding a total turnover in the quarter of NOK 90.0m, compared to NOK 14.0m in second quarter 2007, and a 50% increase from NOK 59.9m in first quarter 2008.

A 3D seismic acquisition on the Breiflabb prospect on license PL416 was successfully completed in the quarter. This contributed to the high level of exploration expenses of NOK 36.6m in the quarter, up from NOK 23.0m first quarter 2008. In addition to the costs of maturing owned licenses, the exploration focus has been on participation in and preparations for licensing rounds on UKCS as well as NCS. Further considerable effort has been put into pursuing inorganic growth opportunities. Total exploration cost, including internal cost, was NOK 52.3m in the second quarter.

EBITDA in the quarter was NOK 30.0m, showing that the strategy of supporting offshore exploration with onshore production has been a success. The profit of NOK 10.0m before the tax refund in the quarter gives the Group a significant base to support its growth ambitions. Production is now expected to stabilise around the current levels, but going forward the EBITDA is expected to fluctuate with variations in exchange rates, oil and gas prices, and exploration activity levels.

Income tax relates to the tax refund on NCS exploration. The income tax in second quarter this year was NOK 32.5m, up from NOK 21.4m last quarter. The income tax relates mainly to the Breiflabb 3D seismic acquisition and to the EM processing undertaken, as well as a continued focus on NCS due to APA 2008 and 20th Round preparations. The processing of EM surveys has been undertaken in the 100% owned subsidiary Rocksource Geotech AS. Rocksource ASA has

unique access to the subsidiary's proprietary software and processing skills, which are vital to the Group's exploration programme.

Cash flow from operations was NOK 26.4m, an increase from negative NOK 6.6m in first quarter. Investments, mainly related to the onshore production, were NOK 19.1m, giving the Group an overall positive cash flow impact of NOK 7.7m in the quarter. Cash balance at the end of the quarter was NOK 163.0m.

The net profit for the quarter was NOK 42.4m. At the current onshore production and price levels, the cash generation will cover the running cost of the Group and will also contribute towards financing offshore exploration activities. Going forward, the Group will initiate the third onshore drilling campaign with an aim to increase the production to 5 000 boepd.

The Group's working capital at the end of the quarter was NOK 213.5m, up NOK 9.5m from the previous quarter. Equity was NOK 435.8m, up NOK 43.0m from the previous quarter, giving the Group an equity ratio of 53.3%, up from 52.0% previous quarter.

### OPERATIONAL HIGHLIGHTS

The second quarter was again a quarter with high activity levels across the Groups growing portfolio of projects. The second quarter 2008 has been a very important quarter where important groundwork has been done in our business development activities and exploration efforts, at the same time as the production has been brought up to a stable plateau with significant onshore production driving financial results. Increased production target, positive portfolio developments, and strong progress towards accessing high impact, short-term drilling opportunities has been realised due to the good work done in the quarter.

## **ONGC**

Following the MoU signed between ONGC and Rocksource on 23 January 2008, Rocksource announced on 4 August that negotiations with ONGC have matured to an advanced stage.

## **Onshore Production**

The average production in the quarter was 2 551 barrels of oil equivalents per day (boepd), bringing the average for the 1st half of 2008 to 2 353 boepd. Rocksource has increased the target to an average production of 2 500 boepd for 2008, and aims to grow the production to 5 000 boepd by 2010.

## **Licensing round status**

The Royal Ministry of Oil and Energy announced the opening of the Norwegian 20th Round on the 27 June 2008, a round that offers opportunities to explore prospects with a significantly larger potential than commonly found in APA areas. The proprietary knowledge, largely based on an extensive EM survey undertaken in 2007, will now be utilised to high grade applications and designing attractive work programmes that will lead to cost effective and fast track exploration programmes. Rocksource is confident that it can submit high quality, competitive applications that will secure the best acreage for drilling CSEM based wells in the forthcoming years. Awards are expected in 2009.

In May, Rocksource submitted applications for the UKCS 25th Seaward Licensing Round. The company's applications target areas that build on its current UK position and where its proprietary CSEM technology is a suitable tool for de-risking the identified prospectively. Applications were made both on an independent basis and with AMI partner groups. Awards are expected in Q4 2008.

## **Exploration**

The major activity in the second quarter was the acquisition of 250km<sup>2</sup> of 3D seismic data over the Breiflabb prospect on PL416 on NCS, where Rocksource holds 35% equity. The data is currently being analysed and will be integrated with the EM data, as well as G&G data to allow the partnership to make a drill or drop decision. Rocksource will, in Q3 2008, run an EM survey to test the "Cyclops" prospect on the wholly owned license PL 456. The prospect is estimated to contain 100 million barrels of recoverable oil.

On the UK license, P1067 – block 211/22b, the operator DNO completed interpretation of the license potential based on re-evaluation of well 211/22-2 data. Based on full re-evaluation of available log and core data, as well as correlation with neighbouring wells, the well is considered to be a discovery of a 20 million oil column within the Brent Group. This has been identified as the Mulle discovery, estimated to contain gross recoverable reserves between 4mmboe (low) and 36mmboe (high), with a mid case of 17mmboe within the P1067 licence. Rocksource has 10% equity in this license. The licence group will now focus on maturing the discovery further including a possible appraisal well. The objective will be to develop the discovery as a sub-sea tie-in to neighbouring infrastructure, existing or planned.

## **Rig capacity**

In August 2008, the Group has entered into a rig consortium and secured rig capacity for a total of 92 days. Together with 5 other oil companies, Rocksource secured a contract for the semi-submersible drilling rig, Borgland Dolphin, for operations on the Norwegian Continental Shelf. The estimated contract value between Dolphin AS, a subsidiary of Fred Olsen Energy ASA, and the consortium is around USD 602 mill for a period of 3 years.

Rocksource is in the process of building up a drilling campaign both in Norway and internationally. This rig capacity enables the Group to drill exploration wells on the Norwegian Continental Shelf. At the same time, it will also strengthen future applications for new licenses in Norway, as it gives us the tool needed to mature the portfolio as an operator.

## **Organisational development**

Through the quarter, the Group experienced success in attracting highly skilled employees both in the Norwegian based organisation in Oslo, Bergen and Stavanger, and in the US based organisation in Houston. The number of employees now totals 54 skilled employees across the organisation.

## RESPONSIBILITY STATEMENT

We confirm that, to the best of our knowledge, the condensed set of financial statements for the first half year of 2008 which has been prepared in accordance with IAS 34 Interim Financial Statements gives a true and fair view of the Company's consolidated assets, liabilities, financial position and results of operations, and that the interim management report includes a fair review of the information required under the Norwegian Securities Trading Act section 5-6 forth paragraph.

Oslo, 18 August 2008

Dag Dvergsten  
Chairman  
(Sign.)

Mimi K. Berdal  
Deputy Chairman  
(Sign.)

Anne-Grete Ellingsen  
Board Member  
(Sign.)

Anne Dæhlie  
Board Member  
(Sign.)

Ole Nygaard  
Board Member  
(Sign.)

Helge Ringdal  
Board Member  
(Sign.)

Trygve Pedersen  
Chief Executive Officer  
(Sign.)

**ROCKSOURCE ASA**  
**01.01 - 30.6.08**

**CONSOLIDATED INCOME STATEMENT**

NOK '000

	<b>Q2 2008</b> <b>IFRS</b> <i>(unaudited)</i>	<b>Q2 2007</b> <b>IFRS</b> <i>(unaudited)</i>	<b>01.01 - 30.6.08</b> <b>IFRS</b> <i>(unaudited)</i>	<b>01.01 - 30.6.07</b> <b>IFRS</b> <i>(unaudited)</i>	<b>2007</b> <b>IFRS</b>
<b>Operating income</b>					
Revenue	89 988	13 957	149 919	17 976	66 708
<b>Total operating income</b>	<b>89 988</b>	<b>13 957</b>	<b>149 919</b>	<b>17 976</b>	<b>66 708</b>
<b>Operating expenses</b>					
Operating costs oil and gas	(9 797)	(4 928)	(16 943)	(7 170)	(18 085)
Payroll and related costs	(12 028)	(10 854)	(23 237)	(23 836)	(58 178)
Depreciation and amortisation	(17 433)	(4 218)	(35 781)	(7 964)	(25 120)
Exploration costs	(36 612)	(50 782)	(59 565)	(55 501)	(147 712)
Other operating expenses	(1 581)	(12 347)	(3 221)	(20 438)	(17 718)
<b>Total operating expenses</b>	<b>(77 451)</b>	<b>(83 130)</b>	<b>(138 747)</b>	<b>(114 909)</b>	<b>(266 813)</b>
<b>Operating profit/(loss)</b>	<b>12 536</b>	<b>(69 173)</b>	<b>11 172</b>	<b>(96 934)</b>	<b>(200 106)</b>
<b>Financial income/(expenses)</b>					
Financial income	1 641	1 434	2 349	2 268	6 747
Foreign currency profit/(loss)	3 897	(3 754)	(7 367)	(7 342)	(18 650)
Financial expenses	(8 103)	(3 512)	(14 079)	(3 529)	(16 174)
<b>Net financial income/(expenses)</b>	<b>(2 564)</b>	<b>(5 832)</b>	<b>(19 098)</b>	<b>(8 602)</b>	<b>(28 077)</b>
<b>Profit/(loss) before taxes</b>	<b>9 972</b>	<b>(75 005)</b>	<b>(7 926)</b>	<b>(105 535)</b>	<b>(228 183)</b>
Income tax	32 460	38 431	53 898	42 522	182 825
<b>Net profit/(loss)</b>	<b>42 432</b>	<b>(36 574)</b>	<b>45 972</b>	<b>(63 013)</b>	<b>(45 358)</b>
<b>Attributable to:</b>					
Equity holders of the parent	41 781	(36 637)	45 009	(63 073)	(45 533)
Minority interest	651	63	963	60	175
Basic earnings per share (NOK)	0,071	(0,064)	0,077	(0,113)	(0,079)
Diluted earnings per share (NOK)	0,067	(0,064)	0,072	(0,113)	(0,079)

## CONSOLIDATED BALANCE SHEET

<i>NOK '000</i>	<b>30.6.2008</b> <b>IFRS</b> <i>(unaudited)</i>	<b>30.06.2007</b> <b>IFRS</b> <i>(unaudited)</i>	<b>31.12.2007</b> <b>IFRS</b>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
<b>Intangible non-current assets</b>			
Deferred tax assets	10 774	-	7 998
Patents and development costs	1 877	2 704	2 290
Seismic library	10 702	16 053	13 377
Goodwill	154 563	154 563	154 563
Capitalised exploration and acquisition costs	765	31 330	-
<b>Total intangible non-current assets</b>	<b>178 681</b>	<b>204 650</b>	<b>178 229</b>
<b>Tangible non-current assets</b>			
Oil- and gas properties	181 793	74 288	183 938
Furniture, fixtures and office machines	5 613	5 059	4 928
Tax-receivable NCS, long-term	51 122	42 522	-
<b>Total tangible non-current assets</b>	<b>238 528</b>	<b>121 869</b>	<b>188 866</b>
<b>Total non-current assets</b>	<b>417 209</b>	<b>326 520</b>	<b>367 095</b>
<b>CURRENT ASSETS</b>			
Accounts receivable	44 577	9 454	22 659
Tax-receivable NCS, short-term	171 108	17 087	171 108
Other receivables	21 386	6 983	7 823
Cash and cash equivalents	163 054	255 044	86 996
<b>Total current assets</b>	<b>400 126</b>	<b>288 569</b>	<b>288 586</b>
<b>Total assets</b>	<b>817 335</b>	<b>615 088</b>	<b>655 681</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	146 386	145 686	145 711
Treasury shares	(25)	(25)	(25)
Share premium reserve	105 338	102 939	105 338
Additional paid in capital	137 611	349 787	134 760
<b>Total paid in capital</b>	<b>389 310</b>	<b>598 387</b>	<b>385 785</b>
<b>Retained earnings</b>			
Retained earnings/(loss carried forward)	45 009	(246 036)	-
<b>Total equity attributable to equity holders of the parent</b>	<b>434 319</b>	<b>352 351</b>	<b>385 785</b>
Minority interest	1 430	130	467
<b>Total equity</b>	<b>435 749</b>	<b>352 481</b>	<b>386 251</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred tax	-	5 285	-
Bond loan	194 921	194 458	194 393
<b>Total non-current liabilities</b>	<b>194 921</b>	<b>199 743</b>	<b>194 393</b>
<b>Current liabilities</b>			
NCS credit facility	99 511	-	-
Accounts and other payables	63 829	38 188	44 208
Tax payable	10 101	-	10 101
Other current liabilities	13 224	24 676	20 728
<b>Total current liabilities</b>	<b>186 664</b>	<b>62 864</b>	<b>75 037</b>
<b>Total liabilities</b>	<b>381 586</b>	<b>262 607</b>	<b>269 430</b>
<b>Total equity and liabilities</b>	<b>817 335</b>	<b>615 088</b>	<b>655 681</b>

## CONSOLIDATED CASH FLOW STATEMENT

NOK '000	Q2 2008 IFRS (unaudited)	Q2 2007 IFRS (unaudited)	01.01 - 30.6.08 IFRS (unaudited)	01.01 - 30.6.07 IFRS (unaudited)	2007 IFRS
<b>Cash flow from operating activities</b>					
Profit/(loss) from operations before exploration costs	49 149	(18 391)	70 737	(41 432)	(52 393)
- Exploration costs	(36 612)	(50 782)	(59 565)	(55 501)	(147 712)
<b>Operation profit/(loss)</b>	<b>12 536</b>	<b>(69 173)</b>	<b>11 172</b>	<b>(96 934)</b>	<b>(200 106)</b>
<b>Adjustments for:</b>					
Tax refund NCS exploration cost	-	-	-	-	22 064
Depreciation and amortisation	17 433	4 218	35 781	7 964	25 120
Share-based remuneration	791	1 061	719	4 247	11 976
Interest received	5	147	8	279	6 625
Interest paid	(5 754)	(160)	(8 910)	(161)	(11 055)
Foreign currency profit/(loss)	3 897	(3 754)	(7 367)	(7 342)	(18 650)
Changes in accounts receivable	(15 785)	(4 241)	(21 919)	(7 581)	(20 786)
Changes in accounts and other payables	19 448	27 279	19 621	19 562	25 582
Changes in other current balance sheet items	(6 138)	18 317	(9 332)	33 575	45 011
<b>Net cash from operating activities</b>	<b>26 434</b>	<b>(26 306)</b>	<b>19 773</b>	<b>(46 390)</b>	<b>(114 218)</b>
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment	(19 143)	(34 342)	(43 737)	(72 233)	(171 634)
<b>Net cash flow from investing activities</b>	<b>(19 143)</b>	<b>(34 342)</b>	<b>(43 737)</b>	<b>(72 233)</b>	<b>(171 634)</b>
<b>Cash flow from financing activities</b>					
Net capital increase	385	(274)	675	73 788	73 813
Proceeds from issuance of long-term debt	-	194 321	-	194 321	194 321
Proceeds from issuance of short-term debt	-	-	100 000	-	-
<b>Net cash flow from financing activities</b>	<b>385</b>	<b>194 048</b>	<b>100 675</b>	<b>268 109</b>	<b>268 134</b>
Effect of changes in exchange rates on cash and cash equivalents	(23)	(177)	(652)	(246)	(1 090)
<b>Net change in cash and cash equivalents</b>	<b>7 652</b>	<b>133 223</b>	<b>76 058</b>	<b>149 240</b>	<b>(18 809)</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>155 402</b>	<b>121 821</b>	<b>86 996</b>	<b>105 805</b>	<b>105 805</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>163 054</b>	<b>255 044</b>	<b>163 054</b>	<b>255 044</b>	<b>86 996</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

NOK '000	Share capital	Treasury shares	Share premium reserves	Additional paid in capital	Retained earnings	Currency translation differences	Total majority	Minority interest	Total equity
<b>Equity 1 January 2008</b>	145 711	(25)	105 338	125 111	-	9 649	385 784	467	386 251
Net capital increase	675	-	-	-	-	-	675	-	675
Share-based remuneration	-	-	-	719	-	-	719	-	719
Currency translation differences	-	-	-	-	-	2 131	2 131	-	2 131
<b>Total transactions recognised directly in equity</b>	<b>146 386</b>	<b>(25)</b>	<b>105 338</b>	<b>125 831</b>	<b>-</b>	<b>11 780</b>	<b>389 310</b>	<b>467</b>	<b>389 777</b>
Net profit/(loss) for the period	-	-	-	-	45 009	-	45 009	963	45 972
<b>Equity 30 June 2008</b>	<b>146 386</b>	<b>(25)</b>	<b>105 338</b>	<b>125 831</b>	<b>45 009</b>	<b>11 780</b>	<b>434 319</b>	<b>1 430</b>	<b>435 749</b>
<b>Number of shares a NOK 0,25</b>	<b>Ordinary</b>	<b>Weighted acc<sup>(1)</sup></b>	<b>Weighted Q2 2008<sup>(1)</sup></b>						
Issued on 1 January 2008 in 1.000	582 845	582 845	582 845						
- Treasury shares in 1.000	(100)	(100)	(100)						
Issued on 10 March 2008 in 1.000	1 160	708	1 160						
Issued on 14 May 2008 in 1.000	1 539	397	795						
<b>Total number of shares in 1.000</b>	<b>585 445</b>	<b>583 850</b>	<b>584 701</b>						

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

## ROCKSOURCE Group - Notes second quarter 2008

### 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 2008. 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 2007, 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

The transactions between the segments include internal project and administrative support.

Reporting segments										
NOK '000	Onshore - Oil & Gas activities		Offshore Oil & Gas activities		Geo-technical activities		Non-allocated		Total	
	01.01.-30.06.		01.01.-30.06.		01.01.-30.06.		01.01.-30.06.		01.01.-30.06.	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Revenue	148 923	19 300	-	-	18 801	62	(17 805)	(1 386)	149 919	17 976
Operating cost oil and gas	(16 943)	(7 739)	-	-	-	-	-	568	(16 943)	(7 170)
Payroll and related costs	(6 449)	(4 386)	(14 612)	(7 713)	(2 176)	(11 738)	-	-	(23 237)	(23 836)
Depreciation and amortisation	(31 315)	(2 688)	(1 168)	(526)	(3 298)	(4 749)	-	-	(35 781)	(7 964)
Exploration costs	(4 525)	(186)	(55 040)	(55 315)	-	-	-	-	(59 565)	(55 501)
Other operating expenses	(2 534)	(1 855)	(8 672)	(8 855)	(3 840)	(10 544)	11 823	816	(3 221)	(20 437)
<b>Operating profit/(loss)</b>	<b>87 157</b>	<b>2 447</b>	<b>(79 491)</b>	<b>(72 410)</b>	<b>9 487</b>	<b>(26 969)</b>	<b>(5 982)</b>	<b>(1)</b>	<b>11 172</b>	<b>(96 933)</b>
Net financial income/(expenses)	(11 026)	(2 655)	(7 761)	(5 495)	(310)	(452)	-	-	(19 098)	(8 602)
<b>Profit/(loss) before tax</b>	<b>76 131</b>	<b>(209)</b>	<b>(87 252)</b>	<b>(77 905)</b>	<b>9 177</b>	<b>(27 421)</b>	<b>(5 982)</b>	<b>(1)</b>	<b>(7 926)</b>	<b>(105 535)</b>
Tax income/(expenses)	-	-	53 898	42 522	-	-	-	-	53 898	42 522
<b>Net profit/(loss)</b>	<b>76 131</b>	<b>(209)</b>	<b>(33 354)</b>	<b>(35 383)</b>	<b>9 177</b>	<b>(27 421)</b>	<b>(5 982)</b>	<b>(1)</b>	<b>45 972</b>	<b>(63 013)</b>
<b>Total assets</b>	<b>274 419</b>	<b>123 367</b>	<b>657 748</b>	<b>301 058</b>	<b>180 915</b>	<b>190 663</b>	<b>(295 748)</b>	<b>-</b>	<b>817 335</b>	<b>615 088</b>
Capital expenditure	42 467	71 015	3 788	47	(2 518)	1 171	-	-	43 737	72 233

NOK '000	Onshore - Oil & Gas activities		Offshore Oil & Gas activities		Geo-technical activities		Non-allocated		Total	
	Q2		Q2		Q2		Q2		Q2	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Revenue	89 599	13 952	-	-	12 756	(519)	(12 366)	524	89 988	13 957
Operating cost oil and gas	(9 797)	(4 409)	-	-	-	-	-	(519)	(9 797)	(4 928)
Payroll and related costs	(2 782)	(2 297)	(8 620)	(3 947)	(627)	(4 611)	-	-	(12 028)	(10 854)
Depreciation and amortisation	(15 152)	(977)	(631)	(263)	(1 650)	(2 977)	-	-	(17 433)	(4 218)
Exploration costs	(1 561)	(155)	(35 052)	(50 627)	-	-	-	-	(36 612)	(50 782)
Other operating expenses	(1 569)	(1 042)	(4 127)	(5 408)	(2 372)	(5 891)	6 489	(6)	(1 581)	(12 347)
<b>Operating profit/(loss)</b>	<b>58 738</b>	<b>5 072</b>	<b>(48 430)</b>	<b>(60 245)</b>	<b>8 106</b>	<b>(13 998)</b>	<b>(5 878)</b>	<b>(1)</b>	<b>12 536</b>	<b>(69 172)</b>
Net financial income/(expenses)	(5 646)	(1 589)	2 808	(3 547)	275	(716)	-	-	(2 564)	(5 832)
<b>Profit/(loss) before tax</b>	<b>53 092</b>	<b>3 503</b>	<b>(45 622)</b>	<b>(63 792)</b>	<b>8 381</b>	<b>(14 714)</b>	<b>(5 878)</b>	<b>(1)</b>	<b>9 972</b>	<b>(75 005)</b>
Tax income/(expenses)	-	-	32 460	38 431	-	-	-	-	32 460	38 431
<b>Net profit/(loss)</b>	<b>53 092</b>	<b>3 503</b>	<b>(13 162)</b>	<b>(25 361)</b>	<b>8 381</b>	<b>(14 714)</b>	<b>(5 878)</b>	<b>(1)</b>	<b>42 432</b>	<b>(36 574)</b>
<b>Total assets</b>	<b>274 419</b>	<b>123 367</b>	<b>657 748</b>	<b>301 058</b>	<b>180 915</b>	<b>190 663</b>	<b>(295 748)</b>	<b>-</b>	<b>817 335</b>	<b>615 088</b>
Capital expenditure	19 096	33 918	48	-	-	423	-	-	19 143	34 342

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

Reference is made to detailed information disclosed in the Annual Report for 2007 regarding related parties transactions.

Options under the share based remuneration program were following the approval in the Extraordinary General Meeting on 23 February 2006 and the General Meeting on 9 May 2007 recognised in the financial statements from the grant dates. Expensed share-based remuneration for the second quarter 2008 (including employer's social security contributions) is NOK 1.3m (second quarter 2007 NOK 1.1m).

## Note 3: Tax

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 the second quarter the Group has accounted a positive income tax of NOK 32.5m (second quarter 2007 NOK 38.4m). Deferred tax assets of NOK 10.8m relates to deferred taxation from NCS activities.

NOK '000	Q2 2008	Q2 2007	01.01 - 30.6.08	01.01 - 30.6.07	2007
Tax refund this year, NCS	32 600	38 431	51 122	42 522	171 108
Tax refund from prior year, NCS	-	-	-	-	4 977
Deferred income tax, NCS	(140)	-	2 776	-	6 050
Deferred income tax from acquisition	-	-	-	-	10 790
Payable taxes, onshore activities	-	-	-	-	(10 101)
<b>Total tax income/(expense) in PL</b>	<b>32 460</b>	<b>38 431</b>	<b>53 898</b>	<b>42 522</b>	<b>182 825</b>
Tax refund paid	-	-	-	-	22 064

## 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 earn-outs to the former owners have been triggered. In addition to the original purchase price of USD 2.5m, USD 2.0m have in total been paid following sustained production in excess of 500 boepd from each of the two Morian areas. These earn-outs are booked in the balance sheet and depreciated. Additional success bonus of USD 1.0m is payable upon annual average production rate in excess of 3 000 boepd from these two areas.

## Note 5: Exploration costs

Internal exploration costs are from Q3 2007 and onwards included in "Payroll and related cost" and "Other operating expenses". In previous periods these costs have been included in the exploration line.

NOK' 000	Q2 2008	Q2 2007	01.01 - 30.6.08	01.01 - 30.6.07	2007
Exploration cost, external	(36 612)	(50 782)	(59 565)	(55 501)	(147 712)
Exploration cost, internal	(15 672)	(864)	(19 957)	(1 728)	(87 548)
<b>Total exploration cost</b>	<b>(52 284)</b>	<b>(51 646)</b>	<b>(79 522)</b>	<b>(57 229)</b>	<b>(235 260)</b>

## Note 6: Interest and currency swap

Profit/loss from changes in the fair value of the interest and currency swap has been included in "foreign currency profit/(loss) in the income statement. Changes in fair value of the interest and currency swap in second quarter gave an effect on profit of NOK 3.9m. Total fair value of the swap was NOK 13.1m as of 30 June 2008.

## **Note 7: Subsequent events**

### **Draw down on bank loan facility**

In August 2008 Rocksource ASA made an initial draw down of NOK 50m on its NCS exploration facilities. Rocksource has now drawn down the total available loan facility of NOK 150m.

### **Rig capacity**

Rocksource entered into a rig consortium and secured rig capacity for drilling exploration wells on the Norwegian Continental Shelf 8 August 2008. Rocksource, together with 5 other oil companies, secured a contract for the semi submersible drilling rig Borgland Dolphin for operation on the Norwegian Continental Shelf. The award is subject to final contract and commencement is estimated to be in direct continuation of current contract. The estimated contract value between Dolphin AS, a subsidiary of Fred Olsen Energy ASA, and the consortium is approx USD 602m for a period of 3 years. Rocksource has secured a total of 92 days of the contract period.