

Third Quarter 2006



ROCKSOURCE ASA

01.01 - 30.09.05

CONSOLIDATED INCOME STATEMENT

	Q3 2006 IFRS <i>NOK 000'</i>	Q3 2005 IFRS <i>NOK 000'</i>	01.01 - 30.09.06 IFRS <i>NOK 000'</i>	01.01 - 30.09.05 IFRS <i>NOK 000'</i>	2005 IFRS <i>NOK 000'</i>
Operating income					
Revenue	3 294	2 325	9 279	4 108	10 927
Total operating income	3 294	2 325	9 279	4 108	10 927
Operating expenses					
Operating costs oil and gas	(968)	(4 499)	(7 214)	(6 264)	(11 367)
Payroll and related cost	(5 034)	(1 136)	(15 226)	(2 644)	(4 153)
Depreciation and amortisation	(2 777)	(608)	(5 606)	(1 218)	(4 874)
Exploration cost expensed	(10 344)	-	(34 246)	-	-
Other operating expenses	(3 205)	(4 667)	(23 256)	(15 864)	(37 897)
Total operating expenses	(22 328)	(10 910)	(85 548)	(25 990)	(58 291)
Operating result	(19 034)	(8 585)	(76 269)	(21 883)	(47 364)
Financials					
Financial income	1 139	695	3 380	622	1 949
Foreign currency gain/-loss	1 589	29	(1 304)	66	1 612
Financial expenses	(12)	(1 942)	(49)	(2 429)	(2 926)
Net financial income/(expense)	2 715	(1 218)	2 028	(1 741)	635
Profit/(loss) before taxes	(16 319)	(9 803)	(74 241)	(23 623)	(46 729)
Income tax expense	6 726	-	6 726	-	-
Net profit/(loss)	(9 593)	(9 803)	(67 515)	(23 623)	(46 729)
Attributable to:					
Equity holders of the parent	-9 593	-9 803	-67 515	-22 304	-45 410
Minority interest	-	-	-	-1 319	-1 319
Basic earnings per share	(0.019)	(0.026)	(0.128)	(0.073)	(0.123)
Diluted earnings per share	(0.019)	(0.026)	(0.128)	(0.073)	(0.123)

CONSOLIDATED BALANCE SHEET

	30.09.2006 IFRS <i>NOK 000'</i>	30.09.2005 IFRS <i>NOK 000'</i>	31.12.2005 IFRS <i>NOK 000'</i>
ASSETS			
Non-current assets			
Patents and development costs	3 307	110	3 686
Seismic library	21 818	-	17 902
Goodwill	154 563	154 563	154 563
Oil- and gas properties	12 064	10 104	10 755
Furniture, fixtures and office machines	4 579	228	2 030
Total non-current assets	196 332	165 005	188 936
Current Assets			
Accounts receivables	1 237	1 464	1 323
Other receivables	13 792	250 441	9 671
Cash and cash equivalents	148 607	49 857	242 217
Total current assets	163 636	301 762	253 211
Total assets	359 968	466 767	442 147
EQUITY AND LIABILITIES			
Shareholders equity			
Share capital	132 286	106 466	131 539
Treasury shares	(25)	(25)	(25)
Share premium reserve	42 278	75 253	381 305
Equity not registred	-	260 000	-
Additional paid in capital	338 105	-	1 708
Loss carried forward	(161 991)	-	(94 476)
Total equity attributable to equity holders of the parent	350 652	441 694	420 051
Minority interest	-	-	-
Total equity	350 652	441 694	420 051
Current liabilities			
Debt to financial institutions	-	21 633	-
Accounts and other payables	4 507	2 316	6 159
Other current liabilities	4 808	1 124	15 937
Total current liabilities	9 315	25 073	22 096
Total liabilities	9 315	25 073	22 096
Total shareholders equity and liabilities	359 968	466 767	442 147

CONSOLIDATED CASH FLOW STATEMENT

	Q3 2006 IFRS NOK 000'	Q3 2005 IFRS NOK 000'	01.01 - 30.09.06 IFRS NOK 000'	01.01 - 30.09.05 IFRS NOK 000'	2005 IFRS NOK 000'
Cash flow from operating activities					
Profit/(loss) from operations before exploration expenses	(8 690)	(8 585)	(42 022)	(21 883)	(47 364)
- Exploration cost expensed	(10 344)	-	(34 246)	-	-
Profit/(loss) from operations	(19 034)	(8 585)	(76 269)	(21 883)	(47 364)
Adjustments for:					
Depreciation and amortisation	2 777	608	5 606	1 218	4 924
(Gain)/losses on financial assets	-	-	-	-	7
Share based remuneration	1 634	724	3 059	724	1 708
Interest received	69	(1 942)	152	(1 692)	1 971
Interest paid	(4)	-	(42)	(50)	(2 930)
Exchange gains / (losses)	1 589	-	(1 304)	-	(9)
Changes in trade receivables	(707)	-	86	-	(1 323)
Changes in other payables	3 460	-	(5 456)	-	4 191
Changes in other current balance sheet items	(332)	(1 955)	4 180	(3 438)	6 807
Net cash from operating activities	(10 549)	(11 150)	(69 986)	(25 121)	(32 018)
Cash flows from investing activities					
Purchase of PP&E	(860)	(286)	(13 403)	(10 425)	(38 419)
Proceeds from sales of assets	-	-	-	208	207
Net cash flow from investing activities	(860)	(286)	(13 403)	(10 217)	(38 212)
Cash flow from financing activities					
Net capital increase	-	-	-	40 508	286 426
De-merger Nordic Mining	(115)	-	(10 115)	-	-
Proceeds from issue of short term debt	-	-	-	19 080	19 080
Repayment of short term debt	-	-	-	-	(19 080)
Net cash flow from financing activities	(115)	-	(10 115)	59 588	286 426
Effect of changes in exchange rates on cash and cash equivalents	(43)	(4)	(106)	63	477
Net change in cash and cash equivalents	(11 567)	(11 440)	(93 610)	24 313	216 673
Cash and cash equivalents at beginning of the period	160 175	61 297	242 217	25 544	25 544
Cash and cash equivalents at the end of the period	148 607	49 857	148 607	49 857	242 217

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(In NOK '000)	Share capital	Treasury shares	Share premium reserves	Other equity	Total equity
Equity 1 January 2006	131 539	(25)	381 305	(92 768)	420 051
Net capital increase	747	-	3 973	-	4 719
Capital increase, transfer from funds	1 436	-	-	(1 436)	-
Share based remuneration	-	-	-	3 069	3 069
Transfer from Share premium reserves	-	-	(343 000)	343 000	-
De-merger of Nordic Mining	(1 436)	-	-	(8 668)	(10 104)
Currency translation differences	-	-	-	432	432
Total transactions recognised directly in equity	747	-	(339 027)	336 397	(1 884)
Net profit/(loss) for the period	-	-	-	(67 515)	(67 515)
Equity 30 September 2006	132 286	(25)	42 278	176 114	350 652
Number of shares a NOK 0,25	Ordinary	Weighted(1)			
Issued on 1 January 2006 in 1.000	526 158	526 158			
- Treasury shares in 1.000	(100)	(100)			
Issued on 23 February in 1.000	2 987	2 396			
Total number of shares in 1.000	529 045	528 454			

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

ROCKSOURCE Group - Notes third 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 nine-month period ended 30 September 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	Oil/gas	Geo-technical services	Minerals/metals	Total
Revenue	5 474	3 805	-	9 279
Operating result	-65 673	-5 226	-5 369	-76 269
Assets	14 856	181 475	0	196 332

Q3 2006	Oil/gas	Geo-technical services	Minerals/metals	Total
Revenue	1 480	1 814	-	3 294
Operating result	-21 835	2 801	-	-19 034
Assets	14 856	181 475	-	196 332

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

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

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 third quarter (including employer's social security contributions) is TNOK 1.634 (second quarter TNOK 1.151).

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.

Note 4: Taxes

Oil-exploration 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 3rd quarter the group has accounted for positive income taxes payable of NOK 6.7 million.

Note 5: Purchase of Sandhawk LLC

On 2 November Rocksource Energy Corporation – a wholly owned subsidiary of Rocksource ASA - purchased 98% of Sandhawk LLC. The financial impact on The Rocksource Group from this transaction will be disclosed in the fourth quarter 2006 report.