

Third Quarter 2007



**CONSOLIDATED INCOME STATEMENT**

<i>NOK '000</i>	<b>Q3 2007 IFRS <i>NOK 000'</i></b>	<b>Q3 2006 IFRS <i>NOK 000'</i></b>	<b>01.01 - 30.09.07 IFRS <i>NOK 000'</i></b>	<b>01.01 - 30.09.06 IFRS <i>NOK 000'</i></b>	<b>2006 IFRS <i>NOK 000'</i></b>
<b>Operating income</b>					
Revenue	15 436	3 294	33 412	9 279	17 606
<b>Total operating income</b>	<b>15 436</b>	<b>3 294</b>	<b>33 412</b>	<b>9 279</b>	<b>17 606</b>
Operating costs oil and gas	(4 328)	(968)	(11 498)	(7 214)	(9 490)
Payroll and related cost	(11 848)	(5 034)	(35 685)	(15 226)	(26 469)
Depreciation and amortisation	(4 914)	(2 777)	(12 877)	(5 606)	(8 921)
Exploration cost external	(68 844)	(10 344)	(124 345)	(34 246)	(46 136)
Other operating expenses	(4 564)	(3 205)	(25 002)	(23 256)	(33 479)
<b>Total operating expenses</b>	<b>(94 498)</b>	<b>(22 328)</b>	<b>(209 407)</b>	<b>(85 548)</b>	<b>(124 496)</b>
<b>Operating result</b>	<b>(79 062)</b>	<b>(19 034)</b>	<b>(175 995)</b>	<b>(76 269)</b>	<b>(106 890)</b>
<b>Financials</b>					
Financial income	1 928	1 139	4 196	3 380	4 528
Foreign exchange profit/(loss)	(8 029)	1 589	(15 370)	(1 304)	(2 741)
Financial expenses	(5 764)	(12)	(9 292)	(49)	(236)
<b>Net financial income/(expense)</b>	<b>(11 864)</b>	<b>2 715</b>	<b>(20 466)</b>	<b>2 028</b>	<b>1 552</b>
<b>Profit/(loss) before taxes</b>	<b>(90 926)</b>	<b>(16 319)</b>	<b>(196 461)</b>	<b>(74 241)</b>	<b>(105 338)</b>
Income tax	63 828	6 726	106 350	6 726	17 087
<b>Net profit/(loss)</b>	<b>(27 098)</b>	<b>(9 593)</b>	<b>(90 111)</b>	<b>(67 515)</b>	<b>(88 252)</b>
<b>Attributable to:</b>					
Equity holders of the parent	(27 139)	(9 593)	(90 212)	(67 515)	(88 213)
Minority interest	41	-	101	-	(38)
Basic earnings per share (NOK)	(0.110)	(0.019)	(0.159)	(0.128)	(0.167)
Diluted earnings per share (NOK)	(0.110)	(0.019)	(0.159)	(0.128)	(0.167)

## CONSOLIDATED BALANCE SHEET

<i>NOK '000</i>	<b>30.09.2007</b> <b>IFRS</b> <i>NOK 000'</i>	<b>30.09.2006</b> <b>IFRS</b> <i>NOK 000'</i>	<b>31.12.2006</b> <b>IFRS</b> <i>NOK 000'</i>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
<b>Intangible non-current assets</b>			
Patents and development costs	2 497	3 307	3 118
Seismic library	14 715	21 818	19 897
Goodwill	154 563	154 563	154 563
Capitalised exploration and acquisition costs	40 216	-	15 217
<b>Total intangible non-current assets</b>	<b>211 991</b>	<b>179 689</b>	<b>192 794</b>
<b>Property, plant and equipment</b>			
Oil- and gas properties	86 837	12 064	27 040
Furniture, fixtures and office machines	4 636	4 579	4 581
<b>Total tangible non-current assets</b>	<b>91 472</b>	<b>16 643</b>	<b>31 621</b>
<b>Total non-current assets</b>	<b>303 464</b>	<b>196 332</b>	<b>224 415</b>
<b>CURRENT ASSETS</b>			
<b>Accounts and other receivables</b>			
Accounts receivable	5 534	1 237	1 873
Tax-receivable NCS	123 437	6 726	17 087
Other receivables	11 157	7 065	14 526
Cash and cash equivalents	148 362	148 607	105 805
<b>Total current assets</b>	<b>288 490</b>	<b>163 636</b>	<b>139 290</b>
<b>Total assets</b>	<b>591 953</b>	<b>359 968</b>	<b>363 705</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	145 686	132 286	132 286
Treasury shares	(25)	(25)	(25)
Share premium reserve	102 665	42 278	42 278
Additional paid in capital	356 898	338 105	342 526
<b>Total shareholders equity</b>	<b>605 224</b>	<b>512 643</b>	<b>517 064</b>
<b>Retained earnings</b>			
Loss carried forward	(272 902)	(161 991)	(182 689)
<b>Total equity attributable to equity holders of the parent</b>	<b>332 323</b>	<b>350 652</b>	<b>334 375</b>
Minority interest	172	-	71
<b>Total equity</b>	<b>332 494</b>	<b>350 652</b>	<b>334 446</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Bond loan	194 139	-	-
Deferred tax	4 873	-	5 600
<b>Total Non-current liabilities</b>	<b>199 012</b>	<b>-</b>	<b>5 600</b>
<b>Current liabilities</b>			
Accounts and other payables	26 293	4 507	18 626
Other current liabilities	34 153	4 808	5 033
<b>Total current liabilities</b>	<b>60 446</b>	<b>9 315</b>	<b>23 659</b>
<b>Total liabilities</b>	<b>259 459</b>	<b>9 315</b>	<b>29 259</b>
<b>Total shareholders equity and liabilities</b>	<b>591 953</b>	<b>359 968</b>	<b>363 705</b>

## CONSOLIDATED CASH FLOW STATEMENT

NOK '000	Q3 2007 IFRS NOK 000'	Q3 2006 IFRS NOK 000'	01.01 - 30.09.07 IFRS NOK 000'	01.01 - 30.09.06 IFRS NOK 000'	2006 IFRS NOK 000'
<b>Cash flow from operating activities</b>					
Profit/(loss) from operations before external exploration expenses	(10 218)	(8 690)	(51 651)	(42 022)	(49 001)
- External exploration cost expensed	(68 844)	(10 344)	(124 345)	(34 246)	(57 889)
<b>Profit/(loss) from operations</b>	<b>(79 062)</b>	<b>(19 034)</b>	<b>(175 995)</b>	<b>(76 269)</b>	<b>(106 890)</b>
<b>Adjustments for:</b>					
Depreciation and amortisation	4 914	2 777	12 877	5 606	8 921
Share based remuneration	1 007	1 634	5 255	3 059	6 950
Interest received	88	69	367	152	4 257
Interest paid	(5 205)	(4)	(5 366)	(42)	(54)
Foreign exchange profit/(loss)	(8 029)	1 589	(15 370)	(1 304)	(2 741)
Changes in accounts receivable	3 920	(707)	(3 661)	86	(550)
Changes in accounts and other payables	(6 591)	3 460	40 156	(5 456)	1 428
Changes in other current balance sheet items	16 207	(332)	22 597	4 180	2 824
<b>Net cash from operating activities</b>	<b>(72 750)</b>	<b>(10 549)</b>	<b>(119 141)</b>	<b>(69 986)</b>	<b>(85 855)</b>
<b>Cash flows from investing activities</b>					
Purchase of subsidiaries, net of cash	-	-	-	-	(14 661)
Net investments in assets	(33 048)	(860)	(105 282)	(13 403)	(25 215)
De-merger Nordic Mining	-	(115)	-	(10 115)	(10 000)
<b>Net cash flow from investing activities</b>	<b>(33 048)</b>	<b>(975)</b>	<b>(105 282)</b>	<b>(23 518)</b>	<b>(49 876)</b>
<b>Cash flow from financing activities</b>					
Net capital increase	-	-	73 788	-	-
Proceeds from issue of bond loan	-	-	194 321	-	-
<b>Net cash flow from financing activities</b>	<b>-</b>	<b>-</b>	<b>268 109</b>	<b>-</b>	<b>-</b>
Effect of changes in exchange rates on cash and cash equivalents	(884)	(43)	(1 130)	(106)	(681)
<b>Net change in cash and cash equivalents</b>	<b>(106 682)</b>	<b>(11 567)</b>	<b>42 557</b>	<b>(93 610)</b>	<b>(136 412)</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>255 044</b>	<b>160 175</b>	<b>105 805</b>	<b>242 217</b>	<b>242 217</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>148 362</b>	<b>148 607</b>	<b>148 362</b>	<b>148 607</b>	<b>105 805</b>

## 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
<b>Equity 1 January 2007</b>	132 286	(25)	42 278	342 526	(182 689)	334 375	71	334 446
Net capital increase	13 400	-	60 388	-	-	73 788	-	73 788
Share based remuneration	-	-	-	5 255	-	5 255	-	5 255
Currency translation differences	-	-	-	9 117	-	9 117	-	9 117
<b>Total transactions recognised directly in equity</b>	<b>145 686</b>	<b>(25)</b>	<b>102 665</b>	<b>356 898</b>	<b>(182 689)</b>	<b>422 535</b>	<b>71</b>	<b>422 606</b>
Net profit/(loss) for the period	-	-	-	-	(90 212)	(90 212)	101	(90 111)
<b>Equity 30 September 2007</b>	<b>145 686</b>	<b>(25)</b>	<b>102 665</b>	<b>356 898</b>	<b>(272 902)</b>	<b>332 323</b>	<b>172</b>	<b>332 494</b>
<b>Number of shares a NOK 0,25</b>	<b>Ordinary</b>	<b>Weighted(1)</b>						
Issued on 1 January 2007 in 1.000	529 145	529 145						
- Treasury shares in 1.000	(100)	(100)						
Issued on 8 February 2007 in 1.000	233	173						
Issued on 16 March 2007 in 1.000	457	327						
Issued on 20 March in 1.000	52 910	37 018						
<b>Total number of shares in 1.000</b>	<b>582 645</b>	<b>566 562</b>						

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

## ROCKSOURCE Group - Notes third 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 nine-month period ended 30 September 2007. The Interim Financial Statements are prepared in accordance with the International Accounting Standard 34 (IAS 34). The 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 transactions between the segments, except for internal project and administrative support.

Reporting segments										
In nok '000	Onshore - Oil & Gas activities		Offshore Oil & Gas activities		Geo-technical activities		Non-allocated		Total	
	September YTD		September YTD		September YTD		September YTD		September YTD	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Revenue	34 736	5 474	5	-	25 917	3 805	(27 247)	-	33 412	9 279
Operating cost oil & gas	(13 123)	(7 214)	-	-	-	-	1 624	-	(11 498)	(7 214)
Payroll expenses	(8 389)	(1 468)	(9 800)	(8 134)	(17 495)	(5 625)	-	-	(35 685)	(15 226)
Depreciation	(5 502)	(1 480)	(790)	(3 188)	(6 586)	(938)	-	-	(12 877)	(5 606)
Exploration costs external	(609)	(792)	(123 735)	(33 454)	-	-	-	-	(124 345)	(34 246)
Other operating expenses	(3 268)	(3 019)	(26 350)	(6 786)	(14 957)	(8 081)	19 573	(5 369)	(25 002)	(23 256)
<b>Operating result</b>	<b>3 845</b>	<b>(8 499)</b>	<b>(160 670)</b>	<b>(51 563)</b>	<b>(13 121)</b>	<b>(10 839)</b>	<b>(6 050)</b>	<b>(5 369)</b>	<b>(175 995)</b>	<b>(76 269)</b>
Net financial income/(expense)	(4 600)	(1 101)	(15 740)	7 716	(126)	(4 587)	-	0	(20 467)	2 028
<b>Profit before tax</b>	<b>(756)</b>	<b>(9 600)</b>	<b>(176 410)</b>	<b>(43 847)</b>	<b>(13 246)</b>	<b>(15 425)</b>	<b>(6 050)</b>	<b>(5 369)</b>	<b>(196 462)</b>	<b>(74 241)</b>
Tax expense / (income)	-	-	106 350	6 726	-	-	-	-	106 350	6 726
<b>Net profit</b>	<b>(756)</b>	<b>(9 600)</b>	<b>(70 060)</b>	<b>(37 120)</b>	<b>(13 246)</b>	<b>(15 425)</b>	<b>(6 050)</b>	<b>(5 369)</b>	<b>(90 111)</b>	<b>(67 515)</b>
<b>Total Assets</b>	<b>145 877</b>	<b>13 580</b>	<b>264 052</b>	<b>183 904</b>	<b>182 024</b>	<b>170 687</b>	<b>-</b>	<b>(8 203)</b>	<b>591 953</b>	<b>359 968</b>
<b>Capital expenditure</b>	<b>104 063</b>	<b>3 197</b>	<b>47</b>	<b>2 313</b>	<b>1 171</b>	<b>7 893</b>	<b>-</b>	<b>-</b>	<b>105 282</b>	<b>13 403</b>

  

In nok '000	Onshore - Oil & Gas activities		Offshore Oil & Gas activities		Geo-technical activities		Non-allocated		Total	
	Q3		Q3		Q3		Q3		Q3	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Revenue	15 436	1 480	5	-	25 855	1 814	(25 860)	-	15 436	3 294
Operating cost oil & gas	(5 384)	(968)	-	-	-	-	1 056	-	(4 328)	(968)
Payroll expenses	(4 003)	(473)	(2 087)	(2 814)	(5 758)	(1 747)	-	-	(11 848)	(5 034)
Depreciation	(2 814)	(264)	(263)	(2 169)	(1 836)	(344)	-	-	(4 914)	(2 777)
Exploration costs external	(423)	(657)	(68 421)	(9 687)	-	-	-	-	(68 844)	(10 344)
Other operating expenses	(1 413)	(2 402)	(17 493)	1 732	(4 413)	(2 535)	18 756	-	(4 564)	(3 205)
<b>Operating result</b>	<b>1 398</b>	<b>(3 284)</b>	<b>(88 260)</b>	<b>(12 939)</b>	<b>13 848</b>	<b>(2 811)</b>	<b>(6 048)</b>	<b>-</b>	<b>(79 062)</b>	<b>(19 034)</b>
Net financial income/(expense)	(1 945)	(399)	(10 245)	4 546	326	(1 432)	-	-	(11 864)	2 715
<b>Profit before tax</b>	<b>(547)</b>	<b>(3 683)</b>	<b>(98 505)</b>	<b>(8 393)</b>	<b>14 174</b>	<b>(4 243)</b>	<b>(6 048)</b>	<b>-</b>	<b>(90 926)</b>	<b>(16 319)</b>
Tax expense / (income)	-	-	63 828	6 726	-	-	-	-	63 828	6 726
<b>Net profit</b>	<b>(547)</b>	<b>(3 683)</b>	<b>(34 677)</b>	<b>(1 666)</b>	<b>14 174</b>	<b>(4 243)</b>	<b>(6 048)</b>	<b>-</b>	<b>(27 098)</b>	<b>(9 593)</b>
<b>Total Assets</b>	<b>145 877</b>	<b>13 580</b>	<b>264 052</b>	<b>183 904</b>	<b>182 024</b>	<b>170 687</b>	<b>-</b>	<b>(8 203)</b>	<b>591 953</b>	<b>359 968</b>
<b>Capital expenditure</b>	<b>33 048</b>	<b>735</b>	<b>-</b>	<b>64</b>	<b>-</b>	<b>92</b>	<b>-</b>	<b>-</b>	<b>33 048</b>	<b>892</b>

### 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 third quarter (including employer's social security contributions) is TNOK 1 163 (third quarter 2006 TNOK 1 634).

**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 the third quarter the group has accounted for positive income taxes of NOK 63.8 million (third quarter 2006 NOK 6.7 million).

<b>Tax-receivable NCS (NOK '000)</b>	<b>Amount</b>	<b>Due date</b>
Tax-receivable NCS, from 2006	17 087	December 2007
Tax-receivable NCS, from 2007	106 350	December 2008
<b>Total per 30 September 2007</b>	<b>123 437</b>	

**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 was allocated to the purchase price of Sandhawk Energy LLC in the first quarter of 2007.

**Note 5: Exploration costs**

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

	<b>Q3 2007</b>	<b>Q3 2006</b>	<b>01.01 - 30.09.07</b>	<b>01.01 - 30.09.06</b>	<b>2006</b>
Exploration cost external	(68 844)	(10 344)	(124 345)	(34 246)	(46 136)
Exploration cost, internal	(18 401)	0	(20 128)	-	(11 753)
<b>Total exploration cost</b>	<b>(87 244)</b>	<b>(10 344)</b>	<b>(144 473)</b>	<b>(34 246)</b>	<b>(57 889)</b>