

Fourth Quarter 2006



CONSOLIDATED INCOME STATEMENT

	Q4 2006 IFRS <i>NOK 000'</i>	Q4 2005 IFRS <i>NOK 000'</i>	2006 IFRS <i>NOK 000'</i>	2005 IFRS <i>NOK 000'</i>
Operating income				
Revenue	8 326	6 820	17 606	10 927
Total operating income	8 326	6 820	17 606	10 927
Operating expenses				
Operating costs oil and gas	(2 277)	(5 103)	(9 490)	(11 367)
Payroll and related cost	(11 243)	(1 509)	(26 469)	(4 153)
Depreciation and amortisation	(3 315)	(3 656)	(8 921)	(4 874)
Exploration cost expensed	(23 643)	-	(57 889)	-
Other operating expenses	1 529	(22 033)	(21 726)	(37 897)
Total operating expenses	(38 948)	(32 301)	(124 496)	(58 291)
Operating result	(30 622)	(25 481)	(106 890)	(47 364)
Financials				
Financial income	1 148	1 017	4 528	1 949
Foreign currency gain/-loss	(1 437)	1 612	(2 741)	1 612
Financial expenses	(186)	(254)	(236)	(2 926)
Net financial income/(expense)	(476)	2 375	1 552	635
Profit/(loss) before taxes	(31 097)	(23 106)	(105 338)	(46 729)
Income tax expense	10 360	-	17 087	-
Net profit/(loss)	(20 737)	(23 106)	(88 252)	(46 729)
Attributable to:				
Equity holders of the parent	(20 699)	(23 106)	(88 213)	(45 410)
Minority interest	(38)	-	(38)	(1 319)
Basic earnings per share	(0,039)	(0,051)	(0,167)	(0,123)
Diluted earnings per share	(0,039)	(0,051)	(0,167)	(0,123)

CONSOLIDATED BALANCE SHEET

	31.12.2006 IFRS NOK 000'	31.12.2005 IFRS NOK 000'
ASSETS		
Non-current assets		
Patents and development costs	3 118	3 686
Seismic library	19 897	17 902
Goodwill	154 563	154 563
Capitalized exploration and acquisition costs	15 217	-
Intangible non-current assets	192 794	176 151
Oil- and gas properties	27 040	10 755
Furniture, fixtures and office machines	4 581	2 030
Tangible non-current assets	31 621	12 785
Total non-current assets	224 415	188 936
Current Assets		
Accounts receivables	1 873	1 323
Other receivables	31 612	9 671
Cash and cash equivalents	105 805	242 217
Total current assets	139 290	253 211
Total assets	363 705	442 147
EQUITY AND LIABILITIES		
Shareholders equity		
Share capital	132 286	131 539
Treasury shares	(25)	(25)
Share premium reserve	42 278	381 305
Equity not registered	-	-
Other Equity	159 837	(92 768)
Total equity attributable to equity holders of the parent	334 375	420 051
Minority interest	71	-
Total equity	334 446	420 051
Deferred tax	5 600	-
Accounts and other payables	18 626	6 159
Other current liabilities	5 033	15 937
Total current liabilities	23 659	22 096
Total liabilities	29 259	22 096
Total shareholders equity and liabilities	363 705	442 147

CONSOLIDATED CASH FLOW STATEMENT

	Q4 2006 IFRS NOK 000'	Q4 2005 IFRS NOK 000'	2006 IFRS NOK 000'	2005 IFRS NOK 000'
Cash flow from operating activities				
Profit/(loss) from operations before exploration expenses	(11 469)	(25 481)	(53 491)	(47 364)
- Exploration cost expensed	(19 153)	-	(53 399)	-
Profit/(loss) from operations	(30 622)	(25 481)	(106 890)	(47 364)
Adjustments for:				
Depreciation and amortisation	3 315	3 706	8 921	4 924
(Gain)/losses on financial assets	-	7	-	7
Share based remuneration	3 891	984	6 950	1 708
Interest received	4 106	3 663	4 257	1 971
Interest paid	(12)	(2 880)	(54)	(2 930)
Exchange gains / (losses)	(1 437)	(9)	(2 741)	(9)
Changes in trade receivables	(636)	(1 323)	(550)	(1 323)
Changes in other payables	6 884	4 191	1 428	4 191
Changes in other current balance sheet items	(1 356)	10 245	2 824	6 807
Net cash from operating activities	(15 869)	(6 897)	(85 855)	(32 018)
Cash flows from investing activities				
Purchase of subsidiaries, net of cash	(14 661)	-	(14 661)	0
Purchase of PP&E	(11 812)	(27 994)	(25 215)	(38 419)
Proceeds from sales of assets	-	(1)	-	207
Net cash flow from investing activities	(26 473)	(27 995)	(39 876)	(38 212)
Cash flow from financing activities				
Net capital increase	-	245 918	-	286 426
De-merger Nordic Mining	115	-	(10 000)	-
Proceeds from issue of short term debt	-	-	-	19 080
Repayment of short term debt	-	(19 080)	-	(19 080)
Net cash flow from financing activities	115	226 838	(10 000)	286 426
Effect of changes in exchange rates on cash and cash equivalents	(576)	414	(681)	477
Net change in cash and cash equivalents	(42 803)	192 360	(136 412)	216 673
Cash and cash equivalents at beginning of the period	148 607	49 857	242 217	25 544
Cash and cash equivalents at the end of the period	105 805	242 217	105 805	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	-	-	-	6 950	6 950
Transfer from Share premium reserves	-	-	(343 000)	343 000	-
De-merger of Nordic Mining	(1 436)	-	-	(8 553)	(9 989)
Minority interest, acquisition of Sandhawk	-	-	-	109	109
Currency translation differences	-	-	-	857	857
Total transactions recognised directly in equity	747	-	(339 027)	340 927	2 646
Net profit/(loss) for the period	-	-	-	(88 252)	(88 252)
Equity 31 December 2006	132 286	(25)	42 278	159 907	334 446
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	2 545			
Total number of shares in 1.000	529 045	528 603			

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

ROCKSOURCE Group - Notes fourth 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 twelve-month period ended 31 December 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	7 033	10 572	-	17 606
Operating result	-103 529	2 008	-5 369	-106 890
Assets	45 092	179 323	0	224 415

Q4 2006	Oil/gas	Geo-technical services	Minerals/metals	Total
Revenue	1 559	6 767	-	8 326
Operating result	-37 856	7 234	-	-30 622
Assets	45 092	179 323	0	224 415

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 fourth quarter (including employer's social security contributions) is TNOK 4.247 (third quarter TNOK 1.634).

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 fourth quarter the group has accounted for positive income taxes payable of NOK 10.4 million (third quarter 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 Energy LLC. This has given the Rocksource group an increased share in the producing New Ace area as well as strategic control over the assets of the combined companies. A drilling campaign has been announced and will be executed in 2007.