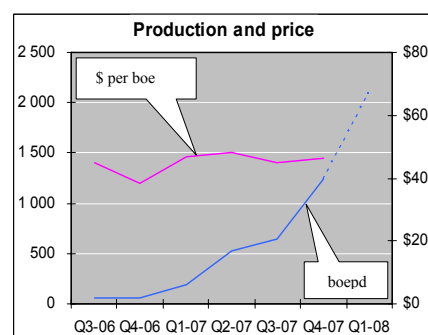


FOURTH QUARTER 2007 REPORT

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

NOK '000	QUARTERLY		FULL YEAR	
	Q4 2007	Q4 2006	2007	2006
Operating income	33 296	8 326	66 708	17 606
Exploration costs external	(23 368)	(11 890)	(147 712)	(46 136)
EBITDA **)	(11 867)	(27 307)	(174 986)	(97 969)
Income tax	76 474	10 360	182 825	17 087
Net profit	44 753	(20 737)	(45 358)	(88 252)
Investment **)	66 353	11 812	171 634	25 215
Net production boepd	1 244	65	656	68



*Earnings before interest taxes depreciation and amortisation

**Investments in assets – cash effect

FINANCIAL HIGHLIGHTS

All figures in million NOK (m)

Strong growth in turnover and EBITDA

- Operating income in fourth quarter was NOK 33.3m, up from NOK 8.3m same quarter 2006 and up from NOK 15.4m last quarter. Full year operating income was NOK 66.7m almost four times the sales in 2006 of NOK 17.6m.
- EBITDA was negative NOK 11.9m in the fourth quarter, a considerable improvement from negative NOK 27.3m from same quarter 2006.
- The fourth quarter was the first quarter with positive results for the Group. Net result was NOK 44.8m.

Exploration activities still high

- External exploration cost before the tax refund was NOK 23.4m in fourth quarter, giving a cost for the year of NOK 147.7m. This includes the acquisition of 27 electromagnetic (EM) lines during the year.
- The high exploration focus on the NCS explains most of the income tax of NOK 76.5m in the quarter and the NOK 182.8m for the full year.

Investments onshore US

- The second drilling campaign was initiated in October and explains the main cash effect of the capital expenditure in the quarter of NOK 66.4m. Part of this also relates to the investments in the processing facilities. Total investment with cash impact for the year was NOK 171.6m. There was in addition a non cash investment arising from a tax effect from the purchase of Sandhawk of NOK 6.7m.

OPERATIONAL HIGHLIGHTS

Onshore production US

- 2007 year-end production target was met 2.5 months ahead of target - 2008 year-end target of 2 000 boepd was achieved in January 2008.
- Processing capacity upgrade completed in December, gross capacity increased to around 3 000 boepd.
- Second phase US drilling campaign completed in January 2008 with four out of four wells having hydrocarbons present. Wells are currently being put on stream.

Pre-qualification as operator

- Rocksource pre-qualified as operator on the NCS in December 2007- First operatorship awarded in February 2008.

Exploration success

- EM acquisition campaign successfully completed - testing approximately 10% of remaining resources on the NCS.
- Rocksource has also used EM technology in current license portfolio and has so far resulted in two licenses with positive EM anomalies and two licenses being relinquished.
- Preparation for 20th round has been in focus, where EM processing has provided a solid foundation for a successful application process.
- Success in APA 2007 with 3 licenses - one as operator.
- International breakthrough - cooperation agreement with ONGC signed in January.

ROCKSOURCE EXCEEDS TARGETS

The fourth quarter 2007 was a strong one for Rocksource, where both major operational as well as financial milestones were met. This is the first quarter with positive results for the Group, which is due to a successful build-up of onshore production and offshore activities on the Norwegian Continental Shelf (NCS). In January 2008 Rocksource also signed a cooperation agreement with ONGC and was awarded 3 licenses on the NCS in February.

FINANCIAL HIGHLIGHTS

The turnover in the fourth quarter is the highest recorded in the history of the company, and reflects the continuous build-up of production in the US combined with high oil prices and increasing gas prices. A total turnover of NOK 66.7m was generated in 2007, compared to NOK 17.6m in 2006. The turnover in Q4 2007 was NOK 33.3m, compared to NOK 8.3m in Q4 2006, of which NOK 30.2m related to the onshore production.

The exploration activities in the quarter continues to be at a high level, resulting in external exploration costs of NOK 23.4m, up from NOK 11.9m in Q4 2006. The external exploration costs for the year was NOK 147.7m, reflecting a considerably higher year on year activity set compared to NOK 46.1m in 2006. The increase relates mainly to the preparation for the 20th round on the NCS. Total exploration cost, including internal costs was NOK 235.3m in 2007.

EBITDA in the quarter was NOK -11.9m, showing that the revenue from the production covered all non-exploration activities and provides a comfortable cash flow for the company. EBITDA for the full year was NOK -175m, compared to NOK -98m in 2006.

Income tax relates mainly to the tax refund on NCS exploration. The income tax in Q4 this year was NOK 76.5m, considerably up from NOK 10.4m in Q4 last year. The income tax for 2007 was NOK 182.8m, up NOK 165.7m compared to an income tax of NOK 17.1m in 2006. The income tax was mostly related to the EM acquisition and processing undertaken, as well as a higher focus on NCS due to APA2007 and 20th Round preparation. The processing of EM surveys has been undertaken in the 100% owned subsidiary Rocksource Geotech AS. Rocksource ASA has a unique access to the subsidiary's proprietary software and processing skills, which are vital to the

company's exploration programme. This effects the taxable income considerably for the year, with full effect included in Q4. The income tax related to NCS exploration costs in 2007 was NOK 64.8m in the quarter and NOK 171.1m for the year. Rocksource Geotech AS recorded a payable tax of NOK 10.1m in Q4. For accounting purposes this is more than offset by a tax income related to the acquisition of Sandhawk and the associated earn-out of NOK 10.8m all booked in Q4. There was also a positive impact from prior years oil taxation of NOK 11m.

The Group had a positive cash impact of NOK 22.1m related to payment of the 2006 tax refund on the NCS.

The net profit for the quarter was NOK 44.8m. The net profit for the year was NOK -45.4m, a substantial improvement from NOK -88.3m in 2006. With the continuous build-up of onshore production the cash generation will cover the running cost of the company and will also contribute towards financing our offshore exploration activities.

The Group's working capital at the end of the year is NOK 213.5m, down NOK 14.5m from previous quarter. The equity was NOK 386.3m, up NOK 53.8m from previous quarter, giving the Group an equity ratio of 58.9%, up from 56.2% previous quarter. There has been no withdrawal from the NOK 150m credit facility related to NCS exploration.

OPERATIONAL HIGHLIGHTS

Pre-qualified as operator

The Ministry of Oil- and Energy pre-qualified Rocksource as an operator on the Norwegian Continental Shelf (NCS) in December 2007. This pre-qualification was a recognition of Rocksource's highly competent organization. The company was awarded its first operated license on the NCS in February 2008. The

award was an acknowledgement of the company's technical capability and organizational strength and marks another milestone in the company's development.

Onshore Production

The average production in the quarter was 1 244 barrels of oil equivalents per day (boepd), an increase of more than 90% compared to the production in the previous quarter. Rocksource achieved its 2008 year-end production target of 2 000 boepd 11 months ahead of time in January, following a capacity increase in the production facilities in December 2007. Average production in January 2008 was 2 040 boepd. The focus will increasingly be to maintain production and manage the decline in order to optimize the long term results. The final of the four wells in the second drilling campaign that started in October 2007 was completed in January. Results from all wells are now being incorporated in to the field reservoir model to ascertain whether further drilling may enhance overall economic results from the two fields.

EM survey campaign completed

Rocksource ASA contracted EMGS to conduct a significant survey programme on the NCS and UKCS and this was completed in Q4. The operational execution was excellent and occurred without incident or accident, proving Rocksource's operational ability to plan and execute complex EM acquisitions. The data collected targeted a broad range of prospects in preparation for the Norwegian 20th Licensing Round. This evaluation has allowed Rocksource to high grade open acreage and gain unique insight into available prospectivity, a valuable lead in the run-up to the Round. The survey campaign also allowed for testing of owned licenses and has so far resulted in two licenses with positive EM anomalies and two licenses being relinquished. The relinquishment of licenses P1378 and PL441 was also based upon evaluation of an EM dataset, which was interpreted as negative.

This high grading illustrates how prospectivity could be tested at low costs. This allows for high risk blocks being discarded and low risk blocks being brought forward for further evaluation and ultimately drilling.

Organization

Rocksource has successfully recruited senior geologist, staff geologist, drilling manager as well as administrative support during the quarter. They will be a valuable addition to the company's highly competent organization now consisting of 47 employees. The organization consists of around 30 G&G personnel - all with a strong technical and academic background - of which more than 50% hold a PhD.

Cooperation agreement with ONGC

Rocksource and the Indian state oil company ONGC (Oil and Natural Gas Corporation Limited) signed a Cooperation Agreement in January 2008 to develop exploration partnerships on the Indian continental shelf and internationally. The two companies share an intention to perform joint exploration activities based on the results of Rocksource's EM technology and integrated prospect evaluation. Rocksource is currently evaluating options for participating in license round applications for new exploration acreage where EM technology can be applied. ONGC has already acquired substantial amounts of EM data on the Indian Continental shelf.

License awards on NCS

The Royal Ministry of Oil and Energy awarded Rocksource three licenses on the NCS in the APA 2007 Licensing Round in February 2008. The awarded blocks were those which Rocksource prioritized during the application process in September 2007, and include the company's first operated offshore license. Rocksource new license partners are StatoilHydro, RWE DEA, Det norske, Noreco and Dong.

ROCKSOURCE ASA

01.01 - 31.12.07

CONSOLIDATED INCOME STATEMENT

NOK '000

	Q4 2007 IFRS	Q4 2006 IFRS	2007 IFRS	2006 IFRS
Operating income				
Revenue	33 296	8 326	66 708	17 606
Total operating income	33 296	8 326	66 708	17 606
Operating expenses				
Operating costs oil and gas	(6 587)	(2 277)	(18 085)	(9 490)
Payroll and related cost	(22 493)	(11 243)	(58 178)	(26 469)
Depreciation and amortisation	(12 243)	(3 315)	(25 120)	(8 921)
Exploration costs external	(23 368)	(11 890)	(147 712)	(46 136)
Other operating expenses	7 284	(10 224)	(17 718)	(33 479)
Total operating expenses	(57 407)	(38 948)	(266 813)	(124 496)
Operating result	(24 110)	(30 622)	(200 106)	(106 890)
Financials				
Financial income	2 551	1 148	6 747	4 528
Foreign exchange profit/(loss)	(3 279)	(1 437)	(18 650)	(2 741)
Financial expenses	(6 882)	(186)	(16 174)	(236)
Net financial income/(expense)	(7 611)	(476)	(28 077)	1 552
Profit/(loss) before taxes	(31 721)	(31 097)	(228 183)	(105 338)
Income tax	76 474	10 360	182 825	17 087
Net profit/(loss)	44 753	(20 737)	(45 358)	(88 252)
Attributable to:				
Equity holders of the parent	44 679	(20 699)	(45 533)	(88 213)
Minority interest	116	(38)	175	(38)
Basic earnings per share (NOK)	0,077	(0,039)	(0,079)	(0,167)
Diluted earnings per share (NOK)	0,077	(0,039)	(0,079)	(0,167)

CONSOLIDATED BALANCE SHEET

NOK '000	2007 IFRS	2006 IFRS
ASSETS		
NON-CURRENT ASSETS		
Intangible non-current assets		
Deferred tax asset	7 998	-
Patents and development costs	2 290	3 118
Seismic library	13 377	19 897
Goodwill	154 563	154 563
Capitalised exploration and acquisition costs	-	15 217
Total intangible non-current assets	178 229	192 794
Property, plant and equipment		
Oil- and gas properties	183 938	27 040
Furniture, fixtures and office machines	4 928	4 581
Total tangible non-current assets	188 866	31 621
Total non-current assets	367 095	224 415
CURRENT ASSETS		
Accounts and other receivables		
Accounts receivable	22 659	1 873
Tax-receivable NCS	171 108	17 087
Other receivables	7 823	14 526
Cash and cash equivalents	86 996	105 805
Total current assets	288 586	139 290
Total assets	655 681	363 705
EQUITY AND LIABILITIES		
EQUITY		
Share capital	145 711	132 286
Treasury shares	(25)	(25)
Share premium reserve	-	42 278
Additional paid in capital	363 708	342 526
Total shareholders equity	509 394	517 064
Retained earnings		
Loss carried forward	(123 609)	(182 689)
Total equity attributable to equity holders of the parent	385 785	334 375
Minority interest	467	71
Total equity	386 251	334 446
LIABILITIES		
Non-current liabilities		
Bond loan	194 393	-
Deferred tax	-	5 600
Total Non-current liabilities	194 393	5 600
Current liabilities		
Accounts and other payables	54 309	18 626
Other current liabilities	20 728	5 033
Total current liabilities	75 037	23 659
Total liabilities	269 430	29 259
Total shareholders equity and liabilities	655 681	363 705

CONSOLIDATED CASH FLOW STATEMENT

NOK '000	Q4 2007 IFRS	Q4 2006 IFRS	2007 IFRS	2006 IFRS
Cash flow from operating activities				
Profit/(loss) from operations before exploration expenses	(743)	(18 732)	(52 393)	(60 754)
- External exploration cost expensed	(23 368)	(11 890)	(147 712)	(46 136)
Profit/(loss) from operations	(24 110)	(30 622)	(200 106)	(106 890)
Adjustments for:				
Tax refund NCS exploration cost 2006	22 064	-	22 064	-
Depreciation and amortisation	12 243	3 315	25 120	8 921
Share based remuneration	6 721	3 891	11 976	6 950
Interest received	6 258	4 106	6 625	4 257
Interest paid	(5 689)	(12)	(11 055)	(54)
Foreign exchange profit/(loss)	(3 279)	(1 437)	(18 650)	(2 741)
Changes in accounts receivable	(17 124)	(636)	(20 786)	(550)
Changes in accounts and other payables	33 129	6 884	73 285	1 428
Changes in other current balance sheet items	(25 290)	(1 356)	(2 693)	2 824
Net cash from operating activities	4 922	(15 869)	(114 218)	(85 855)
Cash flows from investing activities				
Purchase of subsidiaries, net of cash	-	(14 661)	-	(14 661)
Net investments in assets	(66 353)	(11 812)	(171 634)	(25 215)
De-merger Nordic Mining	-	115	-	(10 000)
Net cash flow from investing activities	(66 353)	(26 358)	(171 634)	(49 876)
Cash flow from financing activities				
Net capital increase	25	-	73 813	-
Proceeds from issue of bond loan	-	-	194 321	-
Net cash flow from financing activities	25	-	268 134	-
Effect of changes in exchange rates on cash and cash equivalents	39	(576)	(1 090)	(681)
Net change in cash and cash equivalents	(61 366)	(42 803)	(18 809)	(136 412)
Cash and cash equivalents at beginning of the period	148 362	148 607	105 805	242 217
Cash and cash equivalents at the end of the period	86 996	105 805	86 996	105 805

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
Equity 1 January 2007	132 286	(25)	42 278	342 526	(182 689)	334 375	71	334 446
Net capital increase	13 425	-	62 336	-	-	75 761	-	75 761
Share based remuneration	-	-	-	11 976	-	11 976	-	11 976
Minority interest, acquisition of Sandhawk	-	-	-	-	-	-	221	221
Currency translation differences	-	-	-	9 206	-	9 206	-	9 206
Total transactions recognised directly in equity	145 711	(25)	104 613	363 708	(182 689)	431 318	291	431 609
Net profit/(loss) for the period	-	-	(104 613)	-	59 080	(45 533)	175	(45 358)
Equity 31 December 2007	145 711	(25)	0	363 708	(123 609)	385 784	467	386 251

Number of shares a NOK 0,25	Ordinary	Weighted ⁽¹⁾
Issued on 1 January 2007 in 1.000	529 145	529 145
- Treasury shares in 1.000	(100)	(100)
Issued on 7 February 2007 in 1.000	233	209
Issued on 16 March 2007 in 1.000	457	363
Issued on 20 March in 1.000	52 910	41 313
Issued on 14 November 2007 in 1.000	100	13
Total number of shares in 1.000	582 745	570 943

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

ROCKSOURCE Group - Notes fourth 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 twelve-month period ended 31 December 2007. 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 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

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

Reporting segments										
In nok '000	Onshore - Oil & Gas activities		Offshore Oil & Gas activities		Geo-technical activities		Non-allocated		Total	
	Full year		Full year		Full year		Full year		Full year	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Revenue	64 895	7 033	1 812	-	109 588	27 284	(109 588)	(16 712)	66 708	17 606
Operating cost oil & gas	(18 085)	(9 490)	-	-	-	-	-	-	(18 085)	(9 490)
Payroll and related cost	(14 016)	(4 017)	(15 314)	(12 141)	(28 847)	(10 311)	-	-	(58 178)	(26 469)
Depreciation and amortisation	(15 759)	(2 310)	(1 053)	(5 364)	(8 309)	(1 248)	-	-	(25 120)	(8 921)
Exploration costs external	(2 611)	(3 857)	(145 102)	(42 279)	-	-	-	-	(147 712)	(46 136)
Other operating expenses	(4 179)	(8 145)	(87 908)	(7 330)	(21 503)	(12 634)	95 872	(5 369)	(17 718)	(33 479)
Operating result	10 246	(20 786)	(247 565)	(67 114)	50 928	3 090	(13 715)	(22 081)	(200 106)	(106 890)
Net financial income/(expense)	(12 845)	(1 686)	(5 377)	7 916	(9 854)	(4 678)	-	0	(28 077)	1 552
Profit/(loss) before tax	(2 600)	(22 472)	(252 942)	(59 198)	41 074	(1 587)	(13 715)	(22 081)	(228 183)	(105 338)
Income tax	10 790	-	182 135	17 087	(10 101)	-	-	-	182 825	17 087
Net profit/(loss)	8 191	(22 472)	(70 807)	(42 111)	30 973	(1 587)	(13 715)	(22 081)	(45 358)	(88 252)
Total Assets	208 705	62 586	567 832	344 537	200 297	196 075	(321 152)	(239 494)	655 681	363 705
Capital expenditure	176 056	29 367	852	2 418	1 406	8 091	-	10 000	178 314	49 876

In nok '000	Onshore - Oil & Gas activities		Offshore Oil & Gas activities		Geo-technical activities		Non-allocated		Total	
	Q4		Q4		Q4		Q4		Q4	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Revenue	30 159	1 559	1 807	-	83 671	23 479	(82 341)	(16 712)	33 296	8 326
Operating cost oil & gas	(4 962)	(2 277)	-	-	-	-	(1 624)	-	(6 587)	(2 277)
Payroll and related cost	(5 627)	(2 549)	(5 514)	(4 007)	(11 352)	(4 687)	-	-	(22 493)	(11 243)
Depreciation and amortisation	(10 257)	(830)	(263)	(2 175)	(1 723)	(310)	-	-	(12 243)	(3 315)
Exploration costs external	(2 001)	(3 064)	(21 366)	(8 825)	-	-	-	-	(23 367)	(11 890)
Other operating expenses	(911)	(5 126)	(61 559)	(544)	(6 547)	(4 554)	76 300	-	7 283	(10 224)
Operating result	6 401	(12 288)	(86 895)	(15 551)	64 049	13 929	(7 666)	(16 712)	(24 110)	(30 622)
Net financial income/(expense)	(8 245)	(585)	10 363	200	(9 729)	(91)	-	-	(7 611)	(476)
Profit/(loss) before tax	(1 844)	(12 872)	(76 532)	(15 351)	54 321	13 838	(7 666)	(16 712)	(31 721)	(31 097)
Income tax	10 790	-	75 785	10 360	(10 101)	-	-	-	76 474	10 360
Net profit/(loss)	8 946	(12 872)	(747)	(4 991)	44 220	13 838	(7 666)	(16 712)	44 753	(20 737)
Total Assets	208 705	62 586	567 832	344 537	200 297	196 075	(321 152)	(239 494)	655 681	363 705
Capital expenditure	71 993	26 170	805	105	235	198	-	-	73 033	26 473

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 and the General Meeting on 9 May 2007 recognised in the

financial statements from the grant dates. Expensed share based remuneration for the fourth quarter (including employer's social security contributions) is NOK 0.9m in addition to an accrual for bonus options of NOK 6.6m (fourth quarter 2006 NOK 4.2m).

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 fourth quarter the Group has accounted a positive income tax of NOK 76.5m (fourth quarter 2006 NOK 10.4m). The recognition of deferred income tax comes from the purchase of Sandhawk Energy LLC and the 2 subsequent earn-outs of USD 2m described in note 4 - since it relates to the acquiring entity in a business combination the recognized deferred tax asset was not included in the purchase allocation in the business combination, but was recognized in the income statement. Deferred tax income of NOK 6.1m relates to prior years oil taxation. The subsidiary Rocksource Geotech AS recorded a payable tax in Q4 of NOK 10.1m.

NOK '000	QUARTERLY		FULL YEAR	
	Q4 2007	Q4 2006	2007	2006
Tax refund this year, NCS	64 758	10 360	171 108	17 087
Tax refund from prior year, NCS	4 977	-	4 977	-
Deferred income tax, NCS	6 050	-	6 050	-
Deferred income tax from acquisition	10 790	-	10 790	-
Payable taxes, on shore activities	(10 101)	-	(10 101)	-
Total Tax income/cost in PL	76 474	10 360	182 825	17 087
Tax refund paid	22 064		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 1m have be paid following a sustained production in excess of 500 boepd from one of the two Morian areas, and another USD 1m has been booked in Q4 and will be paid since sustained production in excess of 500 boepd has also been achieved in the other Morian area. These earn-outs are booked in the balance sheets and depreciated.

Note 5: Exploration costs

Internal exploration costs are from Q3 2006 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	QUARTERLY		FULL YEAR	
	Q4 2007	Q4 2006	2007	2006
Exploration cost external	(23 368)	(11 890)	(147 712)	(46 136)
Exploration cost, internal	(63 876)	(11 753)	(87 548)	(11 753)
Total exploration cost	(87 244)	(23 643)	(235 260)	(57 889)