

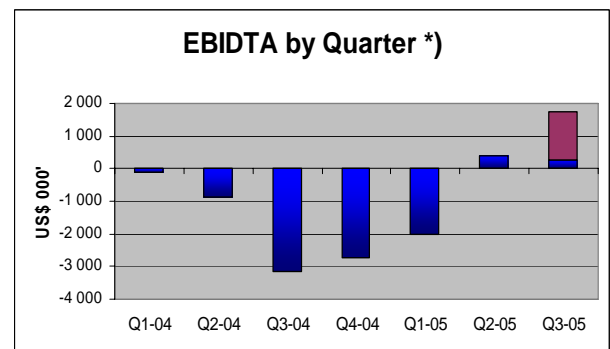
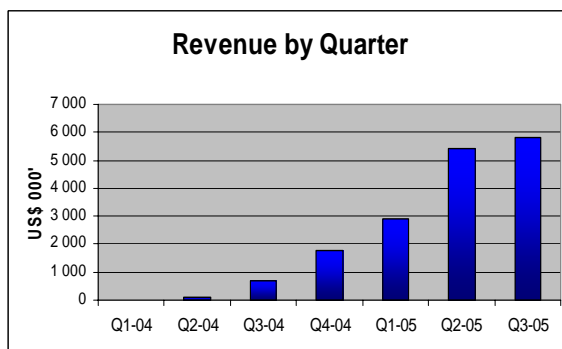


RESERVOIR EXPLORATION TECHNOLOGY AS (RXT) REPORT PER 3RD QUARTER 2005 (UNAUDITED)

November 1, 2005

Q3 Highlights

- Revenues of \$5.8 million.
- EBIDTA of \$1.7 million. (\$0.3 million after adjustment for sale of know-how rights and share option cost).
- Private placement of US\$ 35 million in July 2005 and \$18 million in September 2005.
- Ordered second VSO system in July 2005, and signed multi-year exclusive agreement with I/O for purchase of additional VSO systems.
- RXT share listed on the Norwegian OTC market in July 2005.
- Signed vessel charter for Crew 2.



*) Q3 includes sale of know-how rights and share option cost.

Operations

Revenues in Q3 2005 were \$5.8 million, compared to \$0.7 million in Q3 2004. The crew has been fully utilized in the Gulf of Mexico during the quarter, but the hurricanes Katrina and Rita caused some downtime.

EBIDTA (earnings before interest, depreciation, tax and amortization) for the quarter was \$1.7 million, an improvement of \$4.3 million from Q3 2004. The Company made a sale of certain proprietary rights which RXT has incorporated or embodied since start up. Total value of this agreement amounts to \$1.85 million, which has been recorded as a reduction in operating expenses in Q3 2005. Salaries in Q3 2005 include also share option costs amounting to \$0.4 million. EBIDTA for the quarter, adjusted for the sale of proprietary rights and share option cost, amounts to \$0.3 million.

Operating profit (EBIT) in Q3 2005 was \$0.7 million, compared to \$-2.7 million in Q3 2004.

Financial items

Net financial expense for Q3 2005 was \$6.4M compared to \$0.8M for Q3 2004. The financial expense in 2005 is mainly related to interest expenses to 3i and Lime Rock Partners, see comments under "Balance Sheet" below. The loan was partly repaid and partly converted to equity in July 2005.

Tax

The Company has significant tax losses to be carried forward, both in US and in Norway. Tax benefit of these losses has not been recorded in the financial statements.

Net Loss

Net loss for Q3 2005 was \$-5.7 million compared to \$-3.5 million from Q3 2004.

The main contributing factor to this net loss position is the interest expenses to 3i and Lime Rock recorded in July.

Balance Sheet

Total tangible fixed assets amounted to \$20.3 million at the end of the period.

Cash and cash equivalents balance was \$33.6 million at 30 September 2005.

The Company carried out a private placement in July 2005 of 956,284 shares at NOK 241.50 per share. Net proceeds from the placement were NOK 218 million (\$33 million).

The Company also carried out a private placement in September 2005 of 333,240 shares at NOK 340 per share. Net proceeds from the placement were NOK 107 million (\$17 million).

Total liabilities at the end of the quarter were \$15.9 million, of which \$8.2 million is interest bearing.

Debt to 3i and Lime Rock Partners (LR) as per end June 2005 amounted to \$17.3 million. \$10 million of the proceeds from the placement was used to repay a part of this debt. The remaining debt was converted to equity at same terms as the private placement (NOK 241.50 per share). According to the loan terms in the shareholders agreement with 3i and LR, total debt if repaid/ realized in 2005 amount to \$23.8 million. Consequently, \$6.5 million was recorded as interest expenses in July 2005. Total debt converted was \$13.8 million at NOK 241.50 per share. 294,222 shares were issued (before share split).

Shares

The Extraordinary General Meeting on September 12, 2005, approved the split of shares in the Company in the ratio of 10 for one. Total outstanding number of shares in the Company after the private placements in July and September, and the share split, is 20,000,000.

Outlook

RXT secured in early October a contract valued at minimum \$1.5 million in the Gulf of Mexico. The Company has got backlog until end November 2005, but are currently working on 3 opportunities for follow-on work on the Gulf of Mexico.

The Oceanic Pearl which will commence operation in the North Sea in May next year has already been tendered for work. RXT believes that there will not be enough capacity to meet the market demand in the North Sea next year.

In October 2005, RXT ordered 3 more cables for Oceanic Pearl. The will allow for an operation with 8 active cables. The Company believes that this, combined with having one cable spare, will result in a significant increase in the vessels productivity.

The Company announced in the Q2 report that it has resolved some outstanding issues with one of its suppliers in July 2005. The accounting treatment of this item has now been changed after implementing IFRS. \$1.85 million has been included in Q3, being the sale of proprietary rights as referred to under *Operations*. The remaining, \$2.8 million, will be accounted for as a reduction of fixed assets or taken into income when a purchase obligation is fulfilled, probably in 2006.

Reservoir Exploration Technology AS Group
Income Statements
Unaudited

In US\$ 000'	Quarter ended Sep 30,		Nine months ended Sep 30,		Year ended Dec 31
	2005	2004	2005	2004	2004
REVENUE:					
Sales revenue	5 802	670	14 129	776	2 568
Total revenue	5 802	670	14 129	776	2 568
OPERATING EXPENSES:					
Cost of sales	2 741	2 739	11 326	3 349	7 730
Selling, general and administrative cost	1 313	471	2 695	964	1 717
Other expenses	1 111	192	3 333	192	1 175
OPERATING PROFIT / EBIT	636	(2 733)	(3 226)	(3 728)	(8 054)
FINANCIAL INCOME AND EXPENSES:					
Financial income	170	0	314	0	0
Financial expenses	(6 542)	(761)	(8 077)	(1 283)	(2 218)
Net financial items	(6 372)	(761)	(7 763)	(1 283)	(2 218)
NET RESULT BEFORE TAX	(5 735)	(3 494)	(10 989)	(5 012)	(10 272)
Income tax expense	0	0	0	0	0
NET PROFIT (LOSS)	(5 735)	(3 494)	(10 989)	(5 012)	(10 272)
Earnings per share (US\$)	(0,38)	(1,05)	(1,52)	(2,14)	(3,96)
Earnings per share (US\$) - Diluted	(0,38)	na	(1,52)	na	na
Average shares outstanding	14 928 095	3 333 400	7 240 730	2 341 884	2 591 785
Average shares outstanding - Diluted	15 273 427	3 333 400	7 419 357	2 341 884	2 591 785

Reservoir Exploration Technology AS Group
Balance Sheets
Unaudited

In US\$ 000'	September 30,		December 31,
	2005	2004	2004
ASSETS			
Tangible fixed assets:			
Seismic equipment	20 295	22 510	22 657
Total tangible fixed assets	20 295	22 510	22 657
Current assets:			
Accounts receivable	3 789	745	118
Other current assets	835	187	168
Total receivables	4 625	933	286
Cash and cash equivalents	33 564	212	62
Total current assets	38 189	1 145	348
TOTAL ASSETS	58 484	23 655	23 004
EQUITY AND LIABILITIES			
Shareholders' equity:			
Paid in capital:			
Share capital	302	48	48
Share premium reserve	42 234	0	0
Accumulated profits			
Retained earnings/(loss)	0	-4 086	-9 346
Total equity	42 535	-4 038	-9 298
Long-term liabilities:			
Other long term liabilities	8 200	24 655	25 355
Total long term liabilities	8 200	24 655	25 355
Current liabilities:			
Accounts payable	3 262	2 744	4 085
Other current liabilities	4 486	294	2 862
Total current liabilities	7 749	3 038	6 947
Total liabilities	15 949	27 693	32 302
TOTAL EQUITY AND LIABILITIES	58 484	23 655	23 004

Reservoir Exploration Technology AS Group
Cash flow statements
Unaudited

In US\$ 000'	Quarter ended Sep 30,		Nine months ended Sep 30,		Year ended Dec 31
	2005	2004	2005	2004	2004
Cash flow from operating activities:					
Net result before income taxes	(5 735)	(3 494)	(10 989)	(5 012)	(10 272)
Depreciation	1 111	192	3 333	192	1 175
Changes in current assets/ liabilities	(6 001)	(157)	(4 079)	2 240	6 882
Net cash flow from operating activities	(10 625)	(3 459)	(11 735)	(2 580)	(2 215)
Cash flow from Investing activities:					
Purchase of seismic equipment	(797)	(12 147)	(987)	(22 679)	(23 832)
Net cash flow from investing activities	(797)	(12 147)	(987)	(22 679)	(23 832)
Cash flow from financing activities:					
Proceeds from new equity raised	49 580	0	49 580	1 231	1 231
Proceeds from debt raised	6 502	8 019	7 902	24 902	25 602
Payment of liabilities	(11 258)	0	(11 258)	(724)	(724)
Net cash flow from financing activities	44 824	8 019	46 224	25 409	26 109
Cash balance:					
Net change in cash	33 403	(7 587)	33 503	150	62
Cash beginning of period	162	7 799	62	62	0
Cash end of period	33 564	212	33 564	212	62

Reservoir Exploration Technology AS Group
Changes in Equity
Unaudited

In US\$ 000'	Sep 30, 2005	Sep 30, 2004	Dec 31, 2004
Opening balance 1 January	(9 298)	(687)	(687)
Share issue	63 379	1 661	1 661
Net result	(10 989)	(5 012)	(10 272)
Accrual for shares issue cost 2004	(943)	0	0
Accrual for share option cost	386	0	0
Equity per period end	42 535	(4 038)	(9 298)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1 Introduction

RXT formed a subsidiary 5th May 2005. The parent company accounts are presented in USD as the comparables for both Q3 2004 and year end 2004. There are no changes made, except for the presentation currency, when transforming the historical accounts under NGAAP to IFRS.

The Q3 report is in accordance with IAS34.

Note 2 Summary of significant accounting policies

2.1 Basis for preparation

The consolidated financial statements of Reservoir Exploration Technology AS, ("RXT" or "The Group") have been prepared in accordance with the International Financial Reporting Standards ("IFRS") published by the International Accounting Standards Board.

The consolidated financial statements have been prepared on an historical cost basis.

2.2 Changes in accounting policies

No changes in accounting policies have been made after January 1st, 2005.

2.3 Presentation currency

The Group presents its financial statements in USD. This is also the Group's functional currency.

2.4 Basis of consolidation

The Group's consolidated financial statements comprise RXT AS and companies in which RXT has a controlling interest. A controlling interest is normally attained when the Group owns, either directly or indirectly, more than 50% of the shares in the company and is capable of exercising control over the company. There are no minority interests.

The purchase method is applied when accounting for business combinations. Companies which have been bought or sold during the year are consolidated from/until the date when the purchase/sale is carried out. Investments in associates (normally investments of between 20% and 50% of the companies' equity) in which RXT exercises considerable influences are accounted for by applying the equity method. The carrying value of the investments is reviewed when there are indications of a fall in value or when there is no longer any need for previously recognised impairment losses.

- (a) When the Group's share of the loss exceeds the investment, the investment is carried at zero value. If the Group's share of the loss exceeds the investment, this will be recognised to the extent that the Group has obligations to cover this loss.
- (b) Interests in joint ventures are accounted for by proportionate consolidation, ie, by recognising the proportionate share of revenues, costs, assets and liabilities with similar items in the financial statements on a line-by-line basis. A review of the carrying values in joint ventures is carried out when there are indications that there is a need to recognise impairment losses or when the need for previously recognised impairment losses is no longer present.

All other investments are accounted for in accordance with IAS 39, *Financial Instruments: Recognition and Measurement*.

Inter-company transactions and balances, including internal profits and unrealised gains and losses are eliminated in full. Unrealised gains that have arisen due to transactions with associates are eliminated against the Group's share in the associate. Unrealised losses are correspondingly eliminated, but only to the extent that there are no indications of a fall in the value of the asset that has been sold internally.

The consolidated financial statements are prepared on the assumption of uniform accounting policies for identical transactions and other events under equal circumstances.

2.5 Cash and cash equivalents

Cash includes cash in hand and at bank. Cash equivalents are short-term liquid investments that can be converted into cash within three months and to a known amount, and which contain insignificant risk elements.

2.6 Trade receivables

Trade receivables are carried at amortised cost. The interest element is disregarded if it is insignificant. Should there be objective evidence of a fall in value, the difference between the carrying amount and the present value of future cash flows is recognised as a loss, discounted by the receivable amount's effective interest rate.

2.7 Hedging

Before a hedging transaction is carried out, the Group's finance department assesses whether a derivative is to be used to a) hedge the fair value of an asset or liability, b) hedge a future cash flow from an investment, debt payment or future identified transaction.

The Group's criteria for classifying a derivative as a hedging instrument are as follows: (1) the hedge is expected to be effective in that it counteracts changes in the fair value of or cash flows from an identified asset - a hedging efficiency within the range of 80-125% is expected, (2) the effectiveness of the hedge can be reliably measured, (3) there is adequate documentation when the hedge is entered into that the hedge is effective, (4) for cash-flow hedges, the forthcoming transaction must be probable, and (5) the hedge is evaluated regularly and has proven to be effective.

(i) Fair value hedges:

Derivatives designated as hedging instruments are measured at fair value and changes in fair value are recognised in the income statement. Correspondingly, a change in the fair value of the hedged object is recognised in the income statement, as is the net gain or loss.

The hedge accounting is discontinued if:

- (a) The hedging instrument expires or is sold, terminated or exercised, or
- (b) The hedge no longer meets the criteria for hedge accounting stated above

Once the hedge accounting is discontinued, the adjustments made to the carrying amount of the hedged object are amortised over the remaining life using the effective interest rate.

(ii) Cash-flow hedges

Changes in the fair value of a hedging instrument that meet the criteria for cash flow hedge accounting are taken directly to equity. The ineffective part of the hedging instrument is recognised directly in the income statement.

If the hedge of a cash flow results in an asset or liability being recognised, all former gains and losses recognised directly in equity are transferred from equity and included in the initial measurement of the asset or liability. For other cash-flow hedges, gains and losses recognised directly in equity are taken to the income statement in the same period as the cash flow which comprises the hedged object is recognised in the income statement.

If the hedge no longer meets the criteria for hedge accounting, the hedge accounting is discontinued. The cumulative gain or loss on the hedging instrument recognised directly in equity remains separately recognised in equity until the forecast transaction occurs.

If the hedged transaction is no longer expected to occur, any previously accumulated gain or loss on the hedging instrument that has been recognised directly in equity will be recognised in profit or loss.

As of September 30, 2005 the Group has no derivatives.

2.8 Derivatives that are not hedging instruments

Derivatives that are not classified as hedging instruments are classified as financial assets at fair value through profit or loss and measured at fair value. Changes in the fair value of such derivatives are recognised in the income statement.

2.9 Non-current assets and leases

Non-current assets are carried at cost less accumulated depreciation and impairment losses. When assets are sold or disposed of, the gross carrying amount and accumulated depreciation are derecognised, and any gain or loss on the sale or disposal is recognised in the income statement.

The gross carrying amount of non-current assets is the purchase price, including duties/taxes and direct acquisition costs relating to making the non-current asset ready for use. Subsequent costs, such as repair and maintenance costs, are normally recognised in profit or loss as incurred. When increased future economic benefits as a result of repair/maintenance work can be proven, such costs will be recognised in the balance sheet as additions to non-current assets.

Depreciation is calculated using the straight-line method over the following periods:

Seismic equipment	5-7 years
Fixtures, fittings and vehicles	3 years

The depreciation period and method are assessed each year to ensure that the method and period used harmonise with the financial realities of the non-current asset. The same applies to the scrap value.

Equipment under construction are classified as non-current assets and recognised at the costs incurred in relation to the non-current asset. Equipment under construction are not depreciated until the non-current asset is taken into use.

Software

Expenses linked to the purchase of new computer programs are recognised in the balance sheet as an tangible non-current asset provided these expenses do form part of the hardware acquisition costs. Expenses incurred as a result of maintaining or upholding the future usefulness of software are expenses as incurred unless the changes in the software increase the future economic benefit from the software.

The Group as a lessee

Finance leases

The Group presents finance leases in the financial statements as assets and liabilities, equal to the cost price of the asset or, if lower, the present value of the cash flow to the lease. When calculating the present value of the lease the implicit interest cost in the lease is used when it can be determined. If it cannot be determined, the Group's marginal borrowing rate in the market is used. Direct costs relating to the lease are included in the asset's cost price. Monthly rent is separated into an interest element and a repayment element. Interest costs are allocated to different periods, so that the interest cost for the remaining debt is the same in different periods.

Assets that form part of a finance lease are depreciated. The depreciation period is consistent for equivalent assets that are owned by the Group. If it is not certain that the Group will take over the asset when the lease expires, the asset is depreciated over the lease's term or the depreciation period for equivalent assets owned by the Group, whichever is the shorter.

Operating leases

Leases for which most of the risk rests with the other contracting party are classified as operating leases. Lease payments are classified as operating costs and recognised in the income statement during the contract period.

If a sale and leaseback transaction results in an operating lease and it is clearly stated that the transaction has been carried out at its fair value, any gain or loss will be recognised in the income statement when the transaction is carried out.

2.10 Research and development

Expenses relating to research are recognised in the income statement when they are accrued. Expenses relating to development are recognised in the income statement when they are incurred unless the following criteria are met in full:

- the product or process is clearly defined and the cost elements can be identified and measured reliably;
- the technical solution for the product has been demonstrated;
- the product or process will be sold or used in the Group's operations;
- the asset will generate future economic benefits; and
- sufficient technical, financial and other resources for completing the project are present.

When all the above criteria are met, the costs relating to development start to be recognised in the balance sheet. Costs that have been charged as expenses in previous accounting periods are not recognised in the balance sheet.

Recognised development costs are depreciated on a straight-line basis over the estimated useful life of the asset.

The depreciation period will normally not exceed five years.

The fair value of the development costs will be estimated when there is an indication of a fall in value or that the need for previous periods' impairment losses no longer exists.

2.11 Provisions

Provisions are recognised when, and only when, the Group has a valid liability (legal or estimated) as a result of events that have taken place and it can be proven probable (more probable than not) that a financial settlement will take place as a result of this liability, and that the size of the amount can be measured reliably. Provisions are reviewed on each balance sheet date and their level reflects the best estimate of the liability. When the effect of time is insignificant, the provisions will be equal to the size of the expense necessary to be free of the liability. When the effect of time is significant, the provisions will be the present value of future payments to cover the liability. Any increase in the provisions due to time is presented as interest costs.

Contingent liabilities acquired upon the purchase of operations are recognised at fair value even if the liability is not probable. The assessment of probability and fair value is subject to constant review. Changes in the fair value are recognised in the income statement.

2.12 Equity

(i) Equity and liabilities

Financial instruments are classified as liabilities or equity in accordance with the underlying financial reality.

(ii) Costs of equity transactions

Transaction costs relating to an equity transaction are recognised directly in equity after deducting tax expenses. Only transaction costs directly linked to the equity transaction are recognised directly in equity.

2.13 Revenue recognition

Revenue is recognised when it is probable that transactions will generate future economic benefits that will accrue to the Group and the size of the amount can be reliably estimated. Sales revenues are presented net of value added tax and discounts.

Revenues from acquisition of seismic data is recognised in the income statement once the data has been acquired, and can be invoiced to the customer.

2.14 Currency

Currency transactions are translated at the rate applicable on the transaction date. Foreign exchange gains/losses that arise as a result of changes in the exchange rate between the transaction date and the payment date are recognised in the income statement. At the balance sheet date balances not being reflected in USD are translated to USD at the value applicable at the balance sheet date.

2.15 Employee benefits

Defined contribution plan

The Group has made contributions to local pension plans. These contributions have been made to the pension plan for full-time employees. The Group's payments are recognised in the income statements for the period to which the contribution applies.

Share options

The employees and management of the Group have been given options to buy shares in the parent Group. The fair value of the options is calculated on the allocation date, and expensed over the vesting period .

2.16 Loans

Borrowing costs are recognised in the income statement when they arise. Borrowing costs are capitalised to the extent that they are directly related to the purchase, construction or production of a non-current asset. Borrowing costs are capitalised when the interest costs are incurred during the non-current asset's construction period. The borrowing costs are capitalised until the date when the non-current asset is ready for use. If the cost price exceeds the non-current asset's fair value, an impairment loss is recognised.

Loans are recognised at the amount received, net of transaction costs. The loans are thereafter recognised at amortised costs using the effective interest rate method.

2.17 Income tax

The tax expense consists of the tax payable and changes to deferred tax. Deferred tax/tax assets are calculated on all taxable temporary differences, with the exception of:

- temporary differences relating to investments in subsidiaries when the Group decides when the temporary differences are to be reversed and this is not expected to take place in the foreseeable future.

Deferred tax assets are recognised when it is probable that the Group will have a sufficient profit for tax purposes to utilise the tax asset. At each balance sheet date, the Group carries out a review of its unrecognised deferred tax assets and the value it has recognised. The Group recognise formerly unrecognised deferred tax assets to the extent that it has become probable that the Group can utilise the deferred tax asset. Similarly, the Group will reduce its deferred tax assets to the extent that it can no longer utilise these.

Deferred tax and deferred tax assets are recognised irrespective of when the differences will be reversed. Deferred tax and deferred tax assets are recognised at their nominal value and classified as non-current asset investments (long-term liabilities) in the balance sheet.

The tax payable and deferred tax are recognised directly in equity to the extent that they relate to factors that are recognised directly in equity.

2.18 Impairment of assets

An assessment of impairment losses on other assets is made when there is an indication of a fall in value. If an asset's carrying amount is higher than the asset's recoverable amount, an impairment loss will be recognised in the income statement. To the extent that the impairment loss relates to buildings that are recognised at revalued amounts, the impairment loss is recognised as a reduction in revaluation surplus to the extent that the impairment loss is not greater than the revaluation surplus for the building. The recoverable amount is the higher of the fair value less costs to sell and the discounted cash flow from continued use. The fair value less costs to sell is the amount that can be obtained from a sale to an independent third party minus the sales costs. The recoverable amount is determined separately for all assets but, if this is impossible, it is determined together with the entity to which the assets belong.

Impairment losses recognised in the income statements for previous periods are reversed when there is information that the need for the impairment loss no longer exists or is not as great as it was.

2.19 Segments

The Group has one segment. The note disclosures include information about revenues per geographical area.

2.20 Contingent liabilities and assets

Contingent liabilities are defined as

- (i) possible obligations resulting from past events whose existence depends on future events.
- (ii) obligations that are not recognised because it is not probable that they will lead to an outflow of resources
- (iii) obligations that cannot be measured with sufficient reliability.

Contingent liabilities are not recognised in the annual financial statements apart from contingent liabilities which are acquired through the acquisition of an entity (refer to 2.16). Significant contingent liabilities are stated, with the exception of contingent liabilities where the probability of the liability occurring is remote.

A contingent asset is not recognised in the annual financial statements, but is stated if there is a certain level of probability that a benefit will accrue to the Group.

2.21 Events after the balance sheet date

New information on the Group's positions at the balance sheet date is taken into account in the annual financial statements. Events after the balance sheet date that do not affect the Group's position at the balance sheet date but which will affect the Group's position in the future are stated if significant.

2.22 Use of estimates when preparing the annual financial statements

The annual financial statements have been prepared in accordance with IFRS (International Reporting Financial Standards). This means that the management has used estimates and assumptions that have affected assets, liabilities, revenues, expenses and information on potential liabilities. This particularly applies to the recognition as revenue of long-term manufacturing contracts and assessment of goodwill. Future events may lead to these estimates being changed. Such changes will be recognised when new estimates can be determined with certainty.

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Reservoir Exploration Technology (RXT) is a marine geophysical company specialising in multicomponent sea-floor acquisition of seismic data. The Company was formed originally as Terra Seismic Services in April 2002 in Norway. The first operation started in the Gulf of Mexico in June 2004, and the second will start in the North Sea in May 2006. RXT has offices in Oslo, London and Houston. Additional information is available at www.rxt.com.