

# 3rd Quarter 2009

## Reservoir Exploration Technology ASA

19th November 2009

Larry Wagner, CEO

Odd Erik Rudshaug, CFO



The future is on the seafloor

RESERVOIR EXPLORATION TECHNOLOGY

# DISCLOSURE

- This presentation includes and is based on, among other things, forward-looking information and statements.
- Such forward-looking information and statements are based on the current expectations, estimates and projections of RXT or assumptions based on information available to the company.
- Such forward-looking information and statements reflect current views with respect to future events and are subject to risks, uncertainties and assumptions.
- RXT cannot give any assurance as to the correctness of such information and statements.

# 3rd Quarter Headlines

- Disappointing quarter, revenue and EBITDA significantly down from Q2
- Seeking to restructure bond loans
  - Reduced leverage
  - Improved cash flow
  - Strengthened balance sheet
- Continued cost reduction, effects from Q4
- Record high tendering activity

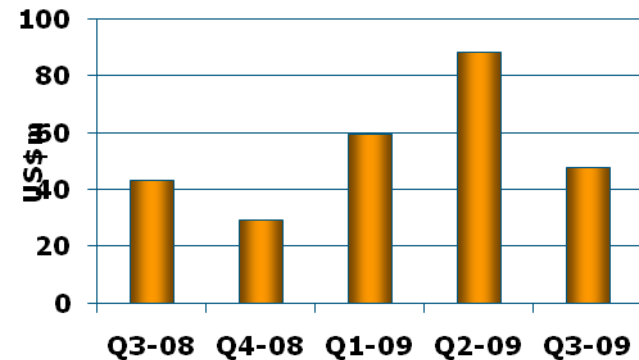
# Operations

- RXT1
  - Decommissioned in January 2009. Equipment warehoused.
- RXT2
  - Behind production targets in Q3 2009.
  - Sanco Spirit delivered as shooting vessel in October, will replace Ocean Pearl
- RXT3
  - Vessels de-rigged and delivered back to vessel owners, seismic equipment stored onshore available for deployment.
- RXT4
  - Short program in Norwegian sector completed mid September
  - Vessel underway to Brazil, to complement RXT5
- RXT5
  - Production, while on target overall for the year, was low in Q3
  - Will move to shallower water soon.

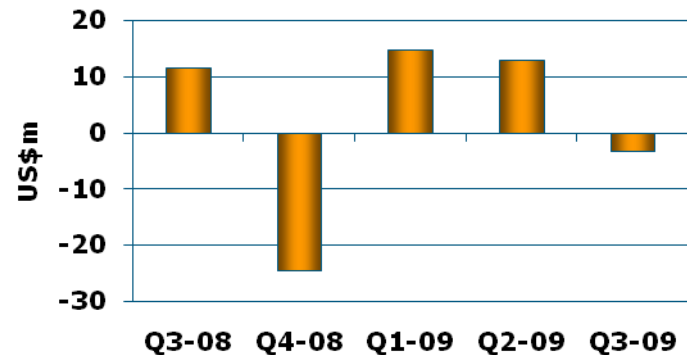
# 3rd Quarter 2009 Financial Headlines

- Revenues of \$48.0m
  - Down from \$88.5m in Q2 2009
    - Completion of programs for RXT3 and RXT4
    - Low production RXT5 in deep water in Brazil
  - Up from \$42.7m in Q3 2008
- EBITDA of minus \$3.1m
  - Down from \$13.0m in Q2 2009
    - Cost for RXT1 (stacked)
    - \$2.0m in decommissioning cost for RXT3 in Caspian
  - Down from \$10.8m in Q3 2008

**Revenues by Quarter**



**EBIDTA by Quarter**



# Income Statements

In US\$ 000'		Unaudited Quarter ended 30 Sep		Unaudited Nine months ended 30 Sep		Audited Year ended 31 Dec 2008
		2009	2008	2009	2008	
<b>REVENUE:</b>						
Sales revenue	4	47 967	42 712	195 964	117 181	147 242
<b>Total revenue</b>		<b>47 967</b>	<b>42 712</b>	<b>195 964</b>	<b>117 181</b>	<b>147 242</b>
<b>OPERATING EXPENSES:</b>						
Cost of sales		48 508	28 360	162 488	80 991	131 155
Selling, general and administrative cost		2 554	3 533	8 581	10 876	14 266
<b>EBITDA</b>		<b>-3 095</b>	<b>10 819</b>	<b>24 895</b>	<b>25 314</b>	<b>1 821</b>
Result from equity accounted investees		0	-850	0	-850	6 280
Impairment charges		0	0	0	0	16 399
Amortisation intangible assets		0	0	0	0	1 701
Depreciation	2	12 351	8 665	38 386	27 868	38 482
<b>OPERATING PROFIT</b>	4	<b>-15 447</b>	<b>3 003</b>	<b>-13 491</b>	<b>-1 704</b>	<b>-61 041</b>
<b>FINANCIAL INCOME AND EXPENSES:</b>						
Net foreign exchange gain (loss)		-929	3 893	-11 602	-4 724	40 516
Financial income		193	131	397	420	721
Financial expenses		-5 230	-4 875	-13 978	-12 984	-17 330
<b>Net financial items</b>		<b>-5 967</b>	<b>-851</b>	<b>-25 183</b>	<b>-17 288</b>	<b>23 907</b>
<b>Net result before variances on derivative of convertible bond (CB)</b>		<b>-21 413</b>	<b>2 152</b>	<b>-38 674</b>	<b>-18 992</b>	<b>-37 134</b>
Variance on derivative of CB		5 157	0	-4 741	3 264	3 264
<b>NET RESULT BEFORE TAX</b>		<b>-16 256</b>	<b>2 152</b>	<b>-43 415</b>	<b>-15 728</b>	<b>-33 870</b>
Income tax expense (benefit)		0	1 144	-114	598	11 956
<b>NET PROFIT (LOSS)</b>		<b>-16 256</b>	<b>1 008</b>	<b>-43 529</b>	<b>-16 327</b>	<b>-45 826</b>
<b>Earnings (loss) per share (US\$) - Basic</b>		-0.08	0.04	-0.35	-0.59	-1.60
<b>Earnings (loss) per share (US\$) - Diluted</b>		-0.08	0.04	-0.35	-0.59	-1.60
<b>Average shares outstanding</b>		192 472 426	28 098 593	124 282 593	27 724 166	28 596 894
<b>Average shares outstanding - Diluted</b>		332 375 272	31 240 501	265 090 851	30 901 739	70 753 553



# Balance Sheet

<b>In US\$ 000'</b>	<b>Unaudited 30 Sep 2009</b>	<b>Audited 31 Dec 2008</b>
<b>ASSETS</b>		
Long term assets	200 718	219 567
Other current assets	59 549	47 592
Cash and cash equivalents	7 939	9 916
<b>TOTAL ASSETS</b>	<b>268 205</b>	<b>277 076</b>
<b>EQUITY AND LIABILITIES</b>		
Equity	25 652	53 584
Convertible bonds	23 872	10 719
Bond loan with warrants	32 058	24 588
Bond loans	96 656	79 432
Fair value of conversion right CB	17 595	0
Financial lease obligations	9 563	7 263
Deferred tax liabilities	3 915	4 157
Short term interest bearing debt	10 200	20 171
Current liabilities	48 695	77 161
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>268 205</b>	<b>277 076</b>

# Cash Flow

In US\$ 000'	Unaudited Quarter ended 30 Sep		Unaudited Nine months ended 30 Sep		Audited Year ended 31 Dec 2008
	2009	2008	2009	2008	
Net cash flow from operating activities	-3 692	19 850	-21 718	31 905	56 601
Investments in multi-client library	0	-522	-768	-500	-11 752
Capex	-5 639	-15 495	-11 384	-73 843	-132 700
Proceeds from new equity raised	0	241	28 437	5 073	20 273
Proceeds from debt raised	0	1 330	18 641	26 920	50 973
Other financing activities	3 244	-5 326	-15 268	-14 911	-6 385
<b>Net change in cash</b>	<b>-6 087</b>	<b>79</b>	<b>-2 060</b>	<b>-25 355</b>	<b>-22 990</b>
Cash beginning of period	6 798	7 077	2 771	32 511	25 762
<b>Free cash end of period</b>	<b>711</b>	<b>7 156</b>	<b>711</b>	<b>7 156</b>	<b>2 771</b>

# Bond Restructuring

- Conversion of bonds to equity
  - NOK 90m + accrued interest @ NOK 2.00
  - USD 19.1m + accrued interest @ NOK 1.30
- Postpone maturity
  - NOK 400m loan, from May 2011 to May 2013
  - NOK 165m loan, from Dec 2012 to Dec 2014
  - NOK 279m loan, from Dec 2012 to Jun 2015
- PIK interest on 279m loan, also offered on 400m and 165m loans
- Compensation of up to 46 million warrants
  - Strike NOK 2.40 per share, duration 4 years
- Holders of the USD 19.1m loan will maintain the current anti dilution protection

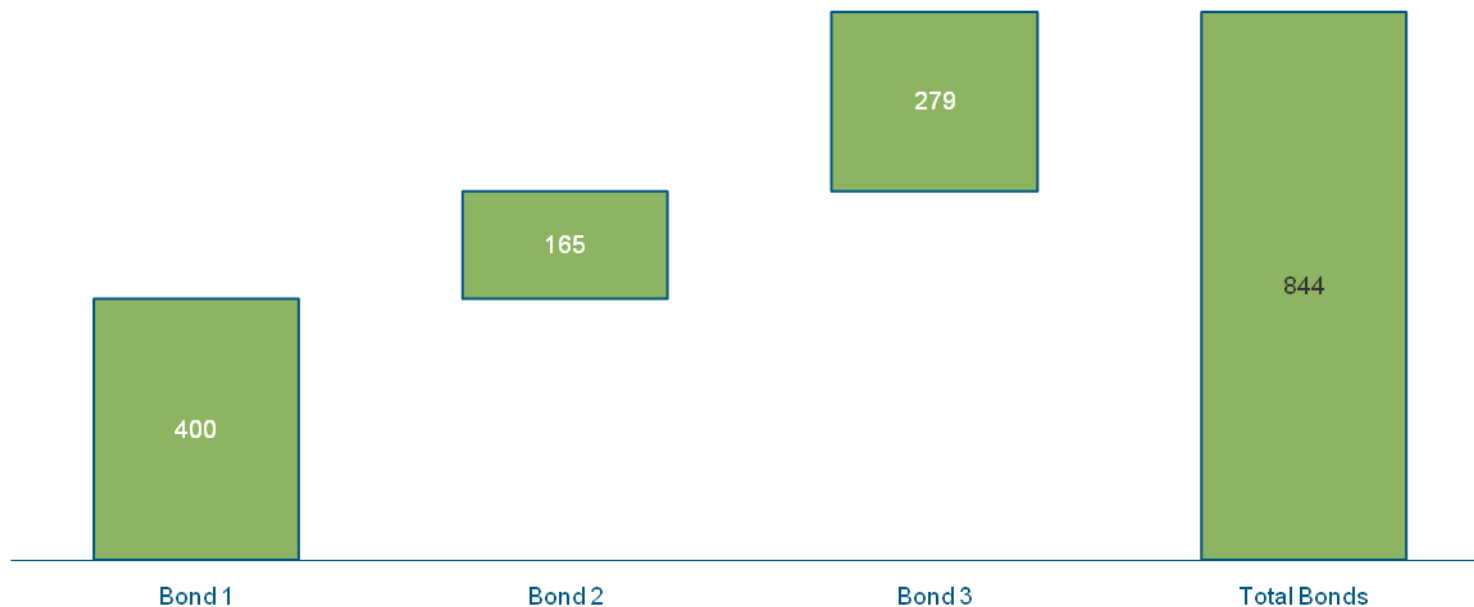
# Shares and warrants after bond restructuring

<b>Shares:</b>			
- 30 September 2009		192,472,426	
- NOK 90m loan		46,826,688	
- USD 19m loan		98,457,483	
<b>Total Shares</b>		<b>337,756,957</b>	
<b>Warrants:</b>			
- 30 September 2009		39,674,577	1.30
- NOK 90m loan		13,500,000	2.40
- NOK 400m loan	Max	11,000,000	2.40
- NOK 165m loan	Max	6,500,000	2.40
- NOK 279m loan		15,000,000	2.40
<b>Total Warrants</b>		<b>85,674,577</b>	

# BOND STRUCTURE OVERVIEW

## After restructuring December 2009

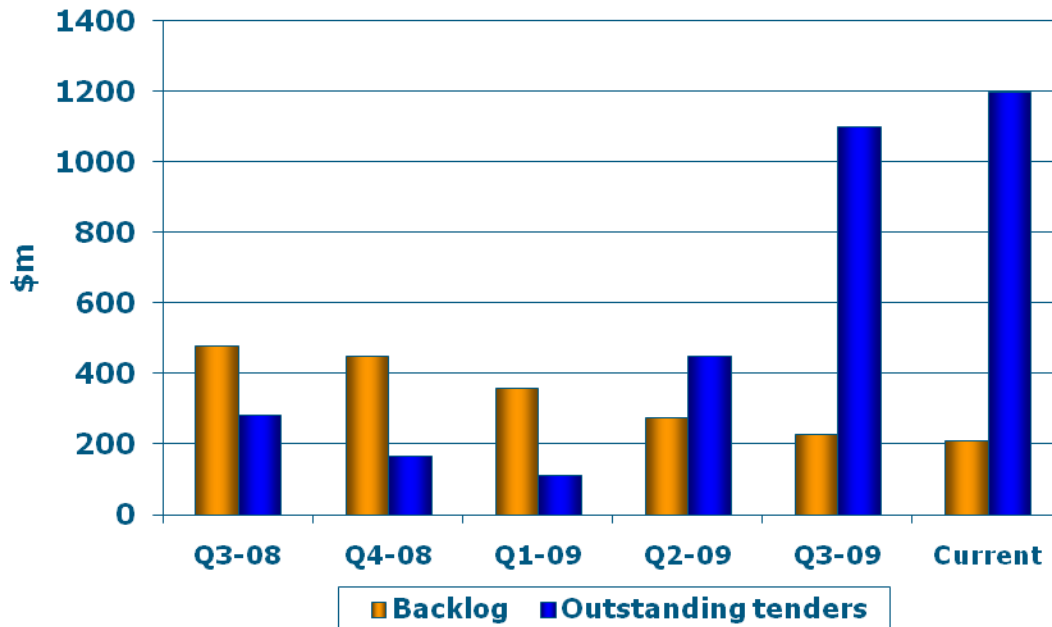
Overview – bond structure (NOK mill)



<b><u>Maturity</u></b>	• 11 May 2013	• 13 Dec 2014	• Jun 2015
<b><u>Interest</u></b>	• NIBOR + 3,85%	• NIBOR + 4,75%	• 10%
<b><u>Options</u></b>	• 11.05.09 at 105% • 11.05.10 at 103%	• 13.12.09 at 105% • 13.12.10 at 104% • 13.12.11 at 103%	• Warrants
<b><u>Change of control</u></b>	• +50% ownership • Put: 100% of par + accrued interest	• +50% ownership • Put: 101% of par + accrued interest	

Source: RXT reports

# Good backlog - very high tendering activity



## Future opportunities:

- Kazakhstan
- Gulf of Mexico
- Abu Dhabi
- Saudi Arabia
- Brazil
- North Sea

# Summary/ Outlook

- \$230m backlog with blue chip clients
- Drive toward profitable backlog:
  - Focus on cost reduction and improve operational efficiency
- Prepare for future opportunities – \$1.2 billion tenders outstanding
- Bond restructuring
  - RXT expects to be slightly cash positive with the income from the two existing contracts in Nigeria and Brazil
- Vikland on its way to Brazil to complement RXT5 operation