

RESERVOIR EXPLORATION TECHNOLOGY ASA (RXT)
REPORT PER 1. QUARTER 2011 (UNAUDITED)

05 May 2011



Image is everything

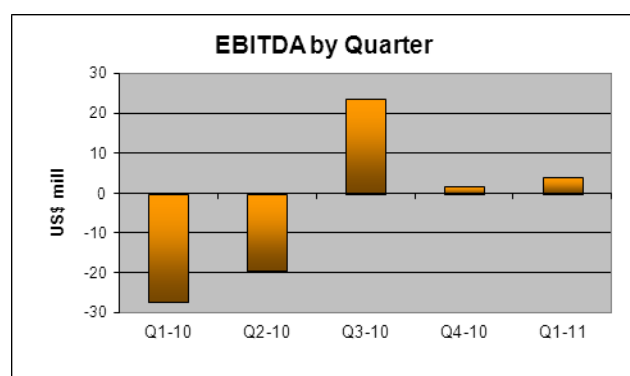
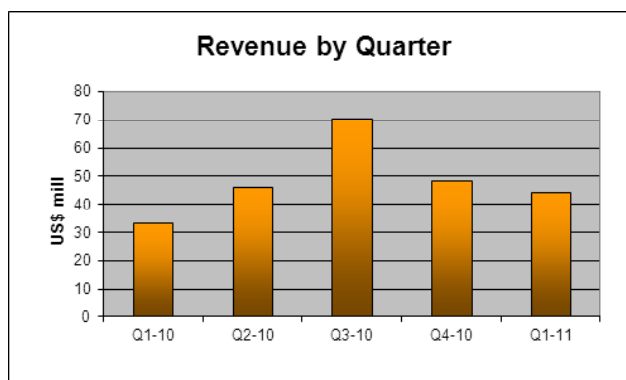


REPORT PER 1st QUARTER 2011 (UNAUDITED)



Working safe on Ocean Europe

1st QUARTER HEADLINES



HIGHLIGHTS OF THE QUARTER:

- Third consecutive quarter with positive EBITDA
- Successful completion of 4C work in West Africa
- Excellent efficiency and lower costs in operations
- Impressive HSE performance
- Contract and LOI signed giving 6 months work in West Africa

KEY FINANCIAL FIGURES

USD million (except per share data)	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010	FY 2010	FY 2009
Revenues	44.6	48.5	70.9	46.3	33.5	199.3	226.8
EBITDA	3.9	1.7	24.2	-19.3	-27.3	-20.6	-1.8
Impairment charges	-	-18.0	-	-1.8	-	-19.8	-61.4
Operating profit/ (loss)	-1.8	-25.3	15.9	-28.6	-34.9	-72.9	-117.6
Net financial items	-1.9	-4.5	-0.5	-6.1	-3.6	-14.7	-64.7
Non-cash income/(loss) on derivative CB/Restructuring effects	-1.2	-0.2	-0.8	52.3	-14.3	37.0	10.8
Net profit/ (loss)	-6.6	-30.3	13.2	16.8	-53.7	-54.0	-177.4
Earnings per share	-0.07	-0.34	0.10	0.20	-13.0	-0.82	-121.0
Exchange gain/(loss)	1.5	-1,4	-	-4.1	-0.2	-5.7	-27.0

OPERATIONS

IN THE FIRST QUARTER, RXT5 OPERATED IN BRAZIL, WHILE THE COMBINED RXT1/RXT4 CREW COMPLETED THE WORK FOR AN INTERNATIONAL OIL COMPANY IN WEST AFRICA AND WENT TO CAMEROON WHILE WAITING FOR MORE WORK IN THE REGION.

The first quarter was another quarter with excellent operational performance. RXT1/RXT4 completed successfully a 4C survey for an international company in West Africa and RXT5 continued to produce satisfactory in Brazil. The HSE performance continues to impress, and the quarter involved no recordable cases. This is achieved through an excellent co-operation with RXT's sub-contractors and high HSE awareness among all RXT employees.

BRAZIL

Ocean Europe and Sanco Star continued to deliver satisfactory production in Brazil throughout the whole quarter. The contract with Petrobras was amended at the end of the quarter and RXT moved to a new area and started to acquire data on a higher priority pre-salt area in the Campos Basin. The survey was successfully completed in April and the crew is now preparing for being exported out of Brazil. RXT expects to get work for the crew either in GoM or in West Africa. Brazil remains one of the key areas for RXT and the crew expects to return to Brazil when the equipment is upgraded to work in deeper water. The upgrade is expected to be completed early 2012.

WEST AFRICA

RXT 1/RXT 4 transited to the region during the fourth quarter. RXT announced a contract reward with an international oil company late in the quarter and started to work just before the end of the year on a survey. This survey was later extended with additional 30 days and the work was successfully completed at the end of February. High quality data was delivered to the client while working without any recordable incidents in the region. RXT has lately received one contract award and one LOI for more work in the region and has in total secured 5-6 months of work in the region.



FINANCIALS

FIRST QUARTER 2011

Revenue for Q1 2011 was \$44.6 million, compared to \$33.5 million in Q1 2010. Revenue in Q4 2010 was \$48.5 million. The reduction in revenue compared to the previous quarter, is due to having two crews in operation in the quarter, while three crews were in operation parts of the previous quarter.

Cost of sales for Q1 2011 was \$37.0 million, compared to \$56.8 million in Q1 2010. Cost of sales in Q4 2010 was \$43.2 million. The reduction in operating expenses compared to the previous quarter is mainly due operating two crews, while RXT in parts of the previous quarter operated three crews.

Depreciation and amortisation was \$5.7 million in Q1 2011, compared to \$7.6 million in Q1 2010. Depreciation in Q4 2010 was \$9.1 million.

Selling, general and administrative cost ("S, G&A") for Q1 2011 was \$3.7 million, compared to \$4.0 million in Q1 2010. S, G&A for Q4 2010 was \$3.6 million.

EBITDA (earnings before interest, tax, depreciation, amortization and write-downs) for the quarter was \$ 3.9 million, compared to minus \$ 27.3 million in Q1 2010. EBITDA in Q4 2010 was \$1.7 million.

Net financial expense for Q1 2011 was \$ 1.9 million and included \$ 1.5 million in exchange loss. Net

financial expense for Q1 and Q4 2010 was \$3.6 million and \$2.1 million.

The total recognized variance on the derivative of the convertible bond was \$1.2 million. This reflects the impact of the anti-dilution rights given to former holders of the convertible USD 19.05 million bond. This cost has no cash effect and will be reclassified to equity when the anti-dilution rights expire in December 2011 or if the shareholders have the opportunity to exercise their right to receive new shares. For more details see note 4.

The Company has significant tax losses and tax credits to be carried forward. However, the Company has not recognized these potential deferred tax assets.

Net loss for Q1 2011 was \$6.6 million compared to a net loss of \$53.7 million in Q1 2010. Net loss for Q4 2010 was \$12.2 million.

BALANCE SHEET

Total non-current assets amounted to \$ 71.0 million at the end of the period. Investments in the quarter were \$ 0.2 million compared to \$0.5 million in Q1 2010 and no investments in Q4 2010.

Free cash and cash equivalents balance was \$ 11.3 million at the end of the quarter, compared to

\$ 2.8 million end Q1 2010 and \$17.6 million at the end of Q4 2010.

Equity at the end of the quarter was \$ 60.4, compared to minus \$ 82.3 at the same time last year and \$ 66.5 million at the end of the previous quarter.

Total liabilities at the end of the quarter were \$ 47.6 million compared to \$ 248.7 in Q1 2010 and \$ 50.6 in Q4 2010. This included \$ 16.1 million related to the anti dilution mechanism that expires in December 2011.

Total outstanding shares at 31 March 2011 were 88 990 170.

STATUS AND OUTLOOK

High quality data plays a key role in the optimal appraisal and development of discoveries and lowers the risk when drilling new wells. Similarly, high quality seismic is a key tool in the oil company's effort to arrest declining production from mature fields. High Definition 3D Ocean Bottom Seismic (HDOBC) is becoming a strong competitor to towed streamer acquisition where high definition surveys for appraisal and production drilling is needed. RXT's HDOBC delivers the data these operators need in these obstructed, and challenging environments.

RXT has four seismic vessels. Sanco Star is a dedicated cable vessel and Ocean Europe is a dedicated source vessel, while Ocean Pearl (RXT 1) and Vikland (RXT 4) are both vessels which can work in a single vessel operation or as a cable vessel or source vessel. This flexibility enabled RXT to go from three to two crews in quarter four last year when the demand for OBC crews expectedly was lower after the North Sea season was finished.

RXT's main focus will be the Atlantic corridor where the biggest growth is expected to come during the next few years. In addition, RXT will also target specific surveys outside this area where RXT can bring added value to the client. RXT is strengthening the sales force and increasing the marketing activities towards client in these areas.

RXT 1 and RXT 4 have been working since mid-December as a combined super crew outside West-Africa. The two first surveys awarded in December and January were successful both in terms of data quality and efficiency. As reported in the Q4 report, RXT are in discussions with a number of prospective clients in West-Africa, and this has so far lead to two awards since the previous quarterly report, together amounting to 5-6 months of work outside West Africa.

RXT continues to see strong interest for OBC data in Brazil. RXT 5 has up to end April been working for PETROBRAS in the Campos basin. In addition to the Campos basin, Petrobras has significant discoveries in other areas where RXT believes high quality data will play a key role in the appraisal and development of the discoveries. Many of these areas have water depths of between 1000 and 2000 meters, and RXT will upgrade the systems to be able to operate efficiently in these depths.

There is strong interest for OBC seismic in the North Sea, but RXT does not expect any major work in the area until 2012 which is expected to be a year of high activity. RXT is seeing more interest for OBC data in GOM and is working on potential surveys in the area for 2011.

From a financial perspective, RXT's cash management and cost focus will remain key priorities. Cash flow from operation is expected to remain positive through 2011.

We believe that the market conditions will continue to improve as demand for high quality OBC data grows. This should lead to higher profits due to the lower cost base, efficient operations, flexible fleet and systems upgrade. There is however a risk of there being gaps between surveys. This could be challenging on the company's liquidity. RXT's main priority is therefore to secure further backlog.

RXT has engaged Simmons & Company International Limited and Pareto Securities AS to act as joint corporate finance advisors in a review of strategic options available to RXT, including a possible sale or merger of the company.



Responsibility statement

We confirm that, to the best of our knowledge, the condensed set of financial statements for the first quarter of 2011 which has been prepared in accordance with IAS 34 Interim Financial Statements gives a true and fair view of the Company's consolidated assets, liabilities, financial position and results of operations, and that the interim management report includes a fair review of the information required under the Norwegian Securities Trading Act section 5-6 forth paragraph.

Lysaker, 5 May 2011

The Board of Directors
Reservoir Exploration Technology ASA

Reservoir Exploration Technology ASA Group

INCOME STATEMENTS

In US\$ 000'		Unaudited Quarter ended Mar 31	2010	Audited Year ended Dec 31 2010
REVENUE:				
Sales revenue	5	44 643	33 515	199 261
Total revenue		44 643	33 515	199 261
OPERATING EXPENSES:				
Cost of sales		36 977	56 772	205 566
Selling, general and administrative cost		3 807	4 048	14 342
EBITDA		3 859	-27 305	-20 647
Result (loss) from equity accounted investees		-	-	481
Impairment charges		-	-	19 845
Amortisation intangible assets		-	-	2 559
Depreciation	3	5 714	7 576	29 385
OPERATING PROFIT	5	-1 855	-34 882	-72 917
FINANCIAL INCOME AND EXPENSES:				
Net foreign exchange gain (loss)		-1 499	-240	-5 743
Financial income		13	7	250
Financial expenses		-385	-3 338	-6 722
Other financial income (expense)		-	-	-2 502
Net financial items		-1 871	-3 572	-14 717
Net result before variances on financial derivat./restruct.		-3 726	-38 454	-87 634
Gain (loss) on financial derivatives		-1 214	-14 252	-6 888
Gain (loss) on restructuring		-	-	44 308
NET RESULT BEFORE TAX		-4 940	-52 705	-50 214
Income tax expense (benefit)		1 669	1 025	3 784
NET PROFIT (LOSS)		-6 609	-53 731	-53 998
Earnings (loss) per share (US\$) - Basic		-0.07	-13.00	0.82
Earnings (loss) per share (US\$) - Diluted		-0.07	-13.00	0.82
Average shares outstanding		88 990 170	4 174 374	65 456 115
Average shares outstanding - Diluted		94 502 087	5 151 493	69 710 443

Reservoir Exploration Technology ASA Group

BALANCE SHEETS

In US\$ 000'		Unaudited Mar 31 2011	Audited Dec 31 2010
ASSETS			
Non-current assets:			
Multiclient library		10 016	10 016
Seismic equipment	3	60 981	65 627
Investment in equity accounted investees		-	-
Total non-current assets		70 997	75 643
Current assets:			
Accounts receivable		22 053	17 746
Other current assets	2	2 849	4 563
Cash and cash equivalents		11 296	17 600
Restricted cash		802	1 558
Total current assets		37 000	41 467
TOTAL ASSETS		107 997	117 110

Reservoir Exploration Technology ASA Group

EQUITY AND LIABILITIES

		Unaudited Mar 31 2011	Audited Dec 31 2010
In US\$ 000'			
EQUITY AND LIABILITIES			
Shareholders' equity:			
Paid in capital:			
Share capital		148 660	148 660
Share premium reserve		82 340	82 340
Other equity		38 776	38 665
Translation differences			
Translation differences		-12 632	-12 974
Accumulated profits			
Retained earnings/(loss)		-196 776	-190 167
Total equity		60 368	66 524
Long-term liabilities:			
Financial liability anti-dilution mechanism	4	-	-
Bond loan with warrants	4	167	149
Bond loans	4	2 938	2 766
Financial lease obligation		-	-
Deferred tax liabilities		39	38
Total long-term liabilities		3 144	2 953
Current liabilities:			
Financial liability anti-dilution mechanism	4	15 998	13 906
Bond loans		-	-
Financial lease obligation		1 611	2 803
Accounts payable		7 629	11 131
Other current liabilities	2	19 247	19 793
Total current liabilities		44 485	47 633
Total liabilities		47 629	50 586
TOTAL EQUITY AND LIABILITIES		107 997	117 110

Reservoir Exploration Technology ASA Group

CASH FLOW STATEMENTS

In US\$ 000'	Unaudited		Audited
	2011	Quarter ended Mar 31 2010	Year ended Dec 31 2010
Cash flow from operating activities:			
Net result before income taxes	-4 940	-52 705	-50 214
Depreciation and amortisation	5 714	7 576	31 944
Impairment	-	-	-24 463
Fair value of conversion right CB/Restruct effects	1 214	14 252	6 888
Changes in current assets/ liabilities	-7 150	22 088	6 212
Net finance expense	1 871	3 572	14 717
Equity-settled share-based payments	111	280	521
Share of loss (profit) of equity accounted investees	-	-	481
Income tax paid	-1 669	-1 025	-3 784
Net cash flow from operating activities	-4 849	-5 962	-17 698
Cash flow from Investing activities:			
Investments in multiclient library	-	-	-
Interest received	13	7	251
Purchase of seismic equipment	-217	-491	-1 400
Sale of seismic equipment	-	-	268
Investment in EM development	-	-	-
Net cash flow from investing activities	-204	-484	-881
Cash flow from financing activities:			
Proceeds from new equity raised	-	-	37 162
Proceeds from debt raised	-	5 000	5 000
Net change in credit facility	-	-	-
Payment of interest	-156	-1 126	-2 658
Payment of debt	-1 095	-1 579	-10 261
Net cash flow from financing activities	-1 251	2 295	29 243
Cash balance:			
Net change in cash	-6 305	-4 151	10 664
Cash beginning of period	17 600	6 936	6 936
Cash end of period	11 296	2 784	17 600

Reservoir Exploration Technology ASA Group

STATEMENT OF COMPREHENSIVE INCOME & CHANGES IN EQUITY

STATEMENT OF COMPREHENSIVE INCOME

In US\$ 000'	Unaudited		Audited
	2011	Quarter ended Mar 31 2010	Year ended Dec 2010
Net Profit (loss)	-6 609	-53 731	-53 998
Translation differences	342	5 264	7 753
Total recognised income and expenses for the period	-6 267	-48 467	-46 244

CHANGES IN EQUITY

In US\$ 000'	Unaudited	Audited
	Mar 31 2011	Dec 31 2010
Opening balance	66 524	(34 076)
Total recognised revenues and expenses in period	(6 267)	(46 244)
Share issues		40 116
Other/Share Issue cost		(2 957)
Debt conversion		101 654
New warrants		-
Equity share convertible bonds (net of tax)	1	7 509
Share options	111	521
Equity per period end	60 368	66 524

Reservoir Exploration Technology ASA Group

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT

GENERAL AND ACCOUNTING POLICIES

RXT (the Group) consists of Reservoir Exploration Technology ASA (the Company) and its subsidiaries. Reservoir Exploration Technology ASA is a limited company incorporated in Norway. The condensed consolidated interim financial statements comprise the Group.

The consolidated financial statements of the Group as at and for the year ended 31 December 2010 are available upon request from the Company's registered office at Lysaker Torg 5 A P.O. BOX 104, N-1325 Lysaker, Norway or at www.rxt.com. These condensed consolidated interim financial statements have been prepared in accordance with rules and regulations of Oslo Stock Exchange and International Financial Reporting Standard (IFRS) IAS 34 Interim Financial Reporting. They do not include all of the information required for full annual consolidated financial statements, and should be read in conjunction with consolidated financial statements of the Group as at and for the year ended 31 December 2010. These condensed consolidated interim financial statements are unaudited.

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2010.

NOTE 1 JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of condensed consolidated interim financial statements in accordance with IFRS and applying the chosen accounting policies requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the period ended 31 December 2009.

NOTE 2 DEFERRED STEAMING COST AND MOBILIZATION INCOME

In US\$ 000'

Deferred steaming cost

Recognized Asset at 01.01.2011	827
Net recognized cost 2011	543
Recognized asset at 31.03.2011	284

Deferred mobilization income

Recognized Liability at 01.01.2011	513
Net recognized income 2011	483
Recognized Liability at 31.03.2011	30

Net asset (liability) 01.01.2011	314
Net recognized income (cost) 2011	-60
Net asset (liability) 31.03.2011	254

Given estimated positive cash flow of a project, the company will accrue all operational costs related to steaming and mobilisation for the project as an asset, while all mobilisation income invoiced are accrued as a liability. Deferred steaming cost and mobilisation income are recognized as cost and income, respectively, throughout the project based upon degree of completion.

NOTE 3 PROPERTY, PLANT AND EQUIPMENT

In US\$ 000'

	Office machines and software	Seismic equipment	Total fixed assets
Acquisition cost			
01.01.2011	1 514	302 852	304 366
Additions	-	217	217
Disposals	-	-	-
Acquisition cost at 31.03.2011	1 514	303 069	304 583
Accumulated depreciation and currency adjustments 31.03.2011	1 429	159 726	161 155
Accumulated impairment 31.03.2011	-	82 447	82 447
Net carrying amount 31.03.2011	85	60 896	60 981
Depreciation for the year	30	5 684	5 714
Impairment for the year	-	-	-

(1) Discarded non-current assets

No non-current assets are ready to be discarded.

(2) Non-current assets temporarily out of operation

No non-current assets are temporarily out of operation.

(3) Equipment leased under finance leases

The company has US\$ 3.2 million in equipment under finance leases.

(4) Construction loan interest

Office and seismic equipment include no construction loan interest in connection with the building of certain assets.

(5) Impairment losses

No impairment has been made in Q1 2011.

(6) Depreciation rates

The following depreciation rates have been used:

Office machines	3 years
Software	3 years
Seismic equipment	5-7 years

(7) Change in depreciation periods

The depreciation rates are unchanged from 2005.

(8) Residual value

The seismic equipment has no residual value.

NOTE 4 LONG-TERM LIABILITIES

In US\$ 000'	True rate of interest	Maturity date	Carrying amount
			Mar 31 2011
Unsecured			
Bond loan (MNOK 400)	6,52 %	2013	2 503
Bond loan (MNOK 165)	7,42 %	2014	435
Bond loan with warrants	10,00 %	2015	167
Fair value anti-dilution mechanism		2011	15 998
Total unsecured long-term debt			19 103
Short term part of anti dilution mechanism			15 998
Total long-term debt excl. the 1st year's principal repayments			3 105

The rate of interest is a calculated weighted average.

NOK Bonds

RXT issued on 11 May 2007 a NOK bond loan with total amount of NOK 400 000 000. Par value of each bond is NOK 500 000 and maturity is at 11 May 2013. Interest per annum is NIBOR + 3.85 %.

As part of the financial restructuring April 12, 2010, the bond loan was written down with NOK 160 million. NOK 226.2 million was converted to shares at NOK 0.10 NOK per share resulting in a remaining loan balance of NOK 13.8 million.

RXT issued on 5 December 2007 a NOK bond loan with total amount of NOK 165 000 000. Par value of each bond is NOK 500 000 and maturity is at 13 December 2014. Interest per annum is NIBOR + 4.75 %.

As part of the financial restructuring April 12, 2010, the bond loan was written down with NOK 66 million. NOK 96.6 million was converted to shares at NOK 0.10 NOK per share resulting in a remaining loan balance of NOK 2.4 million.

Bonds with warrants

RXT issued in December 2008 a bond loan with total amount of NOK 279.3 million. Par value of each bond is NOK 100 and maturity is 11 June 2015. Interest per annum is 10%, which is converted with compound interest into bonds until the bond loan has been paid in full. Further, 39 674 577 warrants were issued as a part of the original bond placement in December 2008.

As part of the financial restructuring April 12, 2010, the bond loan was written down with NOK 117.3 million. NOK 174.5 million was converted to shares at NOK 0.10 NOK per share resulting in a remaining loan balance of NOK 1.5 million.

Fair value anti-dilution mechanism Convertible bond (MUSD 19.050)

The USD 19.050 million convertible bond loan was converted to equity in December 2009. The conversion of this loan was made conditional upon an anti-dilution mechanism (derivative), which under IFRS needs to be treated as a financial liability. If share issues are made within 7 December 2011 at a lower share price than NOK 1.30 per share (adjusted as appropriate for subsequent events), the converting bondholders shall have a right to receive the number shares at nominal value in a directed issue of new shares they need in order for the average price paid for all shares received (i) at the conversion of the bond loan into shares and (ii) any subsequent share issues between the date of conversion and December 7, 2011 become equal to the lowest amount paid for any newly issued share in the Company from the date of the bond agreement for "FRN Reservoir Exploration Technology ASA Callable Convertible Bond Issue 2009/2013" until December 7, 2011, other than such adjustment shares issued at nominal value and share issued in connection with the exercise of option incentive schemes. The anti-dilution mechanism derivative was valued to \$16.0 million at March 31, 2011, and is classified as short-term debt as the anti-dilution mechanism expire December 7, 2011.

NOTE 5 SEGMENT INFORMATION

US\$ 000'

The Group's business is managed in one operational segment, seafloor seismic data acquisition. The product is identical across geographical markets.

The Group has by the end of December 2010 activity in two geographical areas, Brazil (Americas), and Nigeria (EAME). Because the group has only one business segment, the primary reporting format is the geographical segment. The EAME segment includes the office at Lysaker.

Quarter ended March 31, 2011	Americas	EAME	Total
Revenue	23 856	20 787	44 643
Operating profit/ loss	662	-2 547	-1 885
Depreciation	2 161	3 553	5 714
Quarter ended March 31, 2010	Americas	EAME	Total
Revenue	15 628	17 887	33 515
Operating profit/ loss	-20 123	-14 759	-34 882
Depreciation	4 847	2 729	7 576
Year ended December 31, 2010	Americas	EAME	Total
Revenue	110 680	88 581	199 261
Operating profit/ loss	-4 797	-68 120	-72 917
Depreciation	12 340	17 045	29 385

CONTACTS:

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RXT is a marine geophysical company specialising in multi-component seismic seafloor acquisition. Multi-component seismic solves several imaging challenges that cannot be resolved with towed streamer seismic, and targets improved oil recovery from existing fields. The technology also gives better data quality for exploration, and is also the solution where towed streamers are impractical due to high density of platforms and/ or shallow waters. The Company has offices in Oslo, Houston and Rio de Janeiro. Additional information is available at www.rxt.com.