

RESERVOIR EXPLORATION TECHNOLOGY ASA (RXT)  
REPORT PER 4 QUARTER 2010 (UNAUDITED)

23 February 2011

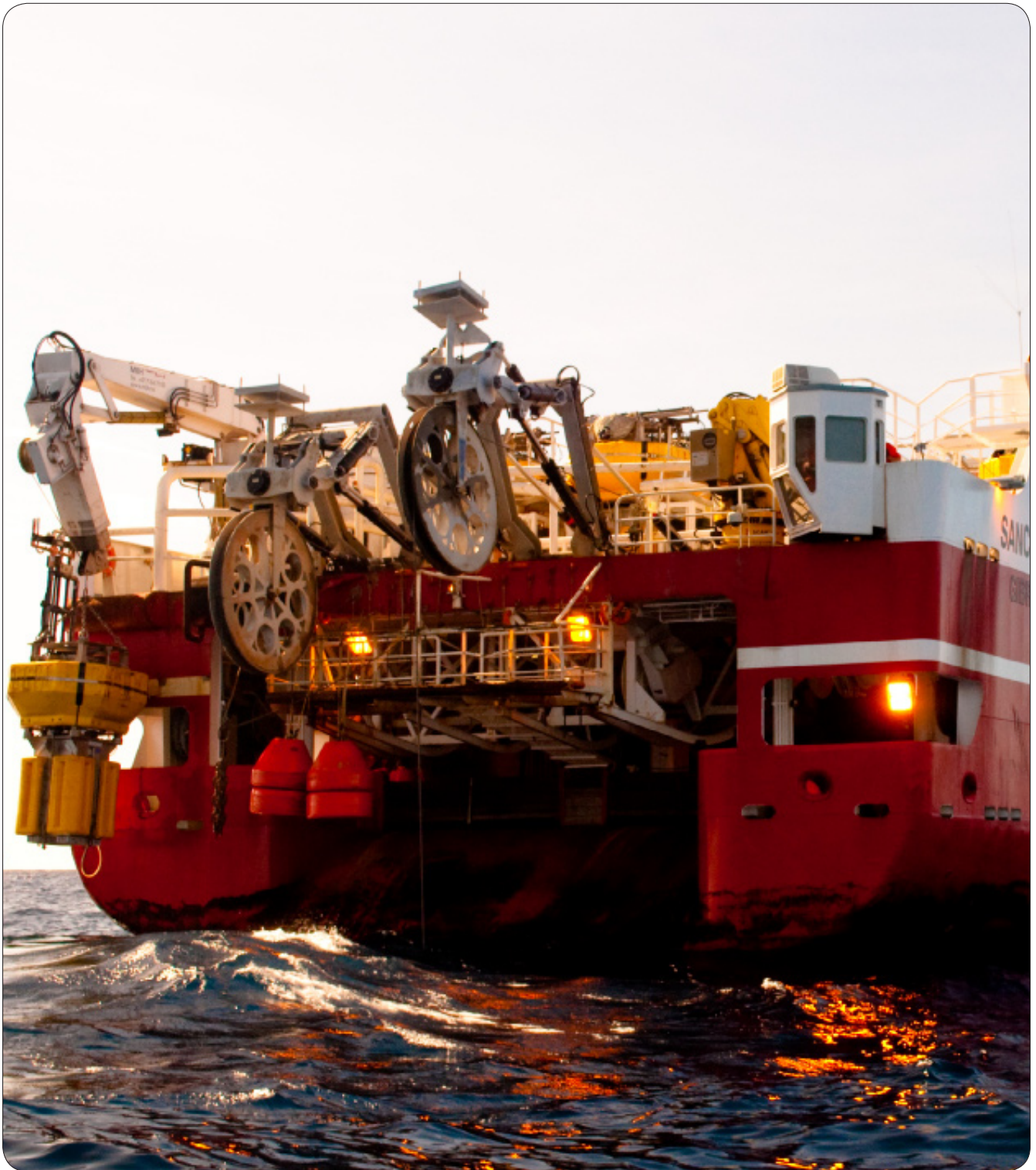


Image is everything

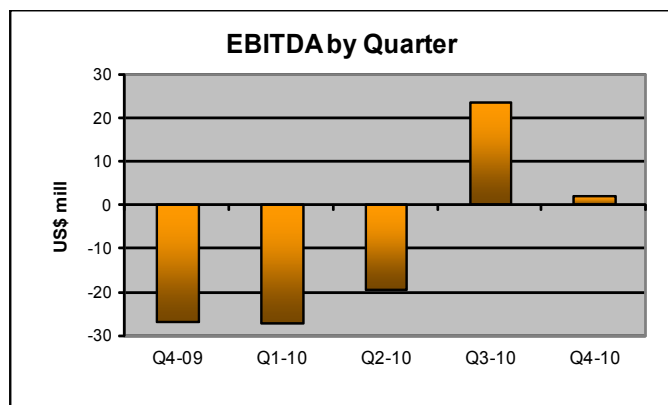
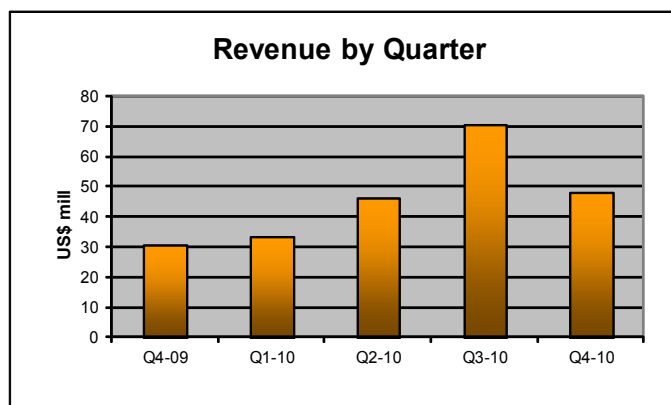


## REPORT PER 4th QUARTER 2010 (UNAUDITED)



*Ocean Europe working around obstructed area offshore Brazil*

## 4th QUARTER HEADLINES



### HIGHLIGHTS OF THE QUARTER:

- Another quarter with positive EBITDA (USD 1.7 million)
- Lower revenues due to transit of RXT 1 and 4 to West Africa
- Successful start-up in West Africa at the end of 4Q
- Excellent efficiency and lower costs in our operations
- Impressive HSE performance
- Strong cash position

### KEY FINANCIAL FIGURES

USD million (except per share data)	Q4 2010	Q3 2010	Q2 2010	Q1 2010	Q4 2009	FY 2010	FY 2009
Revenues	48.5	70.9	46.3	33.5	30.9	199.3	226.8
EBITDA	1.7	24.2	-19.3	-27.3	-26.7	-20.6	-1.8
Impairment charges	-	-	-1.8	-	-61.4	-1.8	-61.4
Operating profit/ (loss)	-7.3	15.9	-28.6	-34.9	-104.1	-54.9	-117.6
Net financial items	-2.1	-0.5	-6.1	-3.6	-39.6	-12.2	-64.7
Non-cash income/(loss) on derivative CB/Restructuring effects	-2.4	-0.8	52.3	-14.3	15.6	34.9	10.8
Net profit/ (loss)	-12.3	13.2	16.8	-53.7	-133.9	-36.0	-177.4
Earnings per share	-0.002	0.001	0.002	-0.130	-0.690	-0.006	-1.210
Exchange gain/(loss)	-1.4	-	-4.1	-0.2	-15.4	-5.7	-27.0

# OPERATIONS

**IN THE FOURTH QUARTER, RXT 5 OPERATED IN BRAZIL, WHILE BOTH RXT 1 AND RXT 4 COMPLETED THEIR WORK IN THE NORTH SEA AND TRANSITED TO WEST AFRICA FOR START-UP AT THE END OF THE QUARTER.**

The fourth quarter was another quarter with excellent operational performance. The start up of the production in West Africa went according to plan and the operational efficiency has been outstanding. This is largely due to innovative thinking by the crew, which has led to more efficient ways of acquiring OBC data. Both the operations in Brazil and West Africa had low technical down time and good HSE performance.

## **HSE PERFORMANCE**

RTX has made continuous improvements in its HSE system during 2010 and, combined with extensive HSE training, this has contributed to the excellent HSE performance.

## **BRAZIL**

Ocean Europe and Sanco Star continued to deliver good 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. RXT expects to complete this survey at the end of quarter one this year.

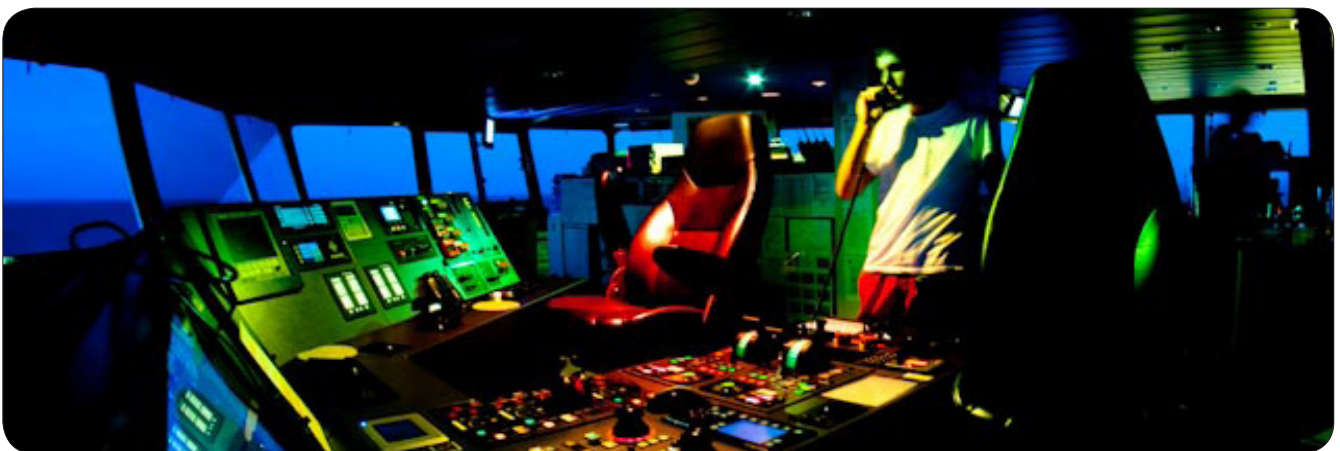
## **NORTH SEA**

RXT 1 (Ocean Pearl) had operated in the North Sea on a 3D4C survey for BP since June and the survey was completed in the first week of November. RXT 4 (Vikland) had operated in the North Sea on a 3D4C survey at the Volve field for Statoil since August and the survey was completed in the first week of November.

After the end of the season in the North Sea, both RXT 1 and RXT 4 transited to West Africa.

## **WEST AFRICA**

While being in advanced negotiations about future work in West Africa, RXT 1 and RXT 4 transited to the region during the fourth quarter. RXT announced a contract award with an international oil company late in the quarter and started to work just before the end of the year on a survey expected to take 45 days. This survey was later extended with an additional 30 days and is expected to be completed at the end of February.



*On the bridge of Ocean Europe.*

# FINANCIALS

## FOURTH QUARTER 2010

Revenue for Q4 2010 was \$48.5 million, compared to \$30.9 million in Q4 2009. Revenue in Q3 2010 was \$70.9 million. The reduction in revenue compared to the previous quarter is mainly due to low revenue when transiting from the North Sea to West Africa.

Cost of sales for Q4 2010 was \$43.2 million, compared to \$51.7 million in Q4 2009. Cost of sales in Q3 2010 was \$43.7 million. The decrease in operating expenses compared to the previous quarter is mainly due to a reduction in the overall cost base and strict cost control on board the vessels.

Depreciation and amortisation totalled \$9.1 million in Q4 2010, compared to \$12.9 million in Q4 2009. Depreciation in Q3 2010 was \$7.8 million. The increase from quarter three is due to amortisation on RXT's multi client asset of \$2.6 million.

Selling, general and administrative cost ("S, G&A") for Q4 2010 was \$3.6 million, compared to \$5.9 million in Q4 2009. S, G&A for Q3 2010 was \$3.1 million.

EBITDA (earnings before interest, tax, depreciation, amortization and write-downs) for the quarter was \$ 1.7 million, compared to minus \$ 26.7 million in Q4 2009. EBITDA in Q3 2010 was \$24.2 million.

Net financial expense for Q4 2010 was \$2.1 million, compared to net financial expense of \$39.6 million for Q4 2009. Net financial expense in Q3 2010 was \$0.5 million.

The total recognized variance on the derivative of the convertible bond was \$0.1 million (financial income). This reflects the impact of the anti-dilution rights given to former holders of the convertible USD 19.05 million bond. The bond holders were given an anti-dilution protection when the loan was converted to shares at a share price of NOK 1.30 in December 2009. The cost is based on the number of shares issued at the conversion of the bond and the share price at the end of the quarter. This cost has no cash effect and will be reclassified to equity when the shareholders exercise their right to receive new shares or when the anti-dilution rights expire in December 2011.

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

Loss on restructuring of \$2.5 million is related to the sale of shares in KMS, a joint venture where RXT owned 40% of the total outstanding shares. After this sale, RXT has no longer any shares in KMS.

Net loss for Q4 2010 was \$12.3 million compared to a net loss of \$133.9 million in Q4 2009. Net profit for Q3 2010 was \$13.2 million.

## FULL YEAR 2010

Revenue for 2010 was \$199.3 million, compared to \$226.8 million in 2009. The year has to be divided in two: the first half of 2010 was very weak and revenue ended on \$79.8 million and EBITDA of minus \$46.6 million, while revenue for the second half ended on \$119.4 million and EBITDA of \$26.0 million. The reason for such difference is imputable to the continued technical issues related to Brazil at the beginning of the year, combined with late start up of the other projects in the first half of 2010. Second half of 2010 had very few technical issues and significantly improved operational efficiency. The second half of 2010 benefitted also largely from the reduced overall cost base in RXT after the financial and operational restructuring that was implemented in first half of 2010.

Cost of sales for 2010 was \$205.6 million, compared to \$214.2 million in 2009. Decrease in cost of sales is due to costs reductions related to return of vessels and reduction of personnel during 2010.

EBITDA (earnings before interest, tax, depreciation, amortization and write-downs) for 2010 was minus \$20.6 million, compared to minus \$1.8 million in 2009. The decrease in EBITDA is due to the weak first half of 2010 with technical issues in

Brazil and low relative utilization of the available crews.

Net financial expense for 2010 was \$12.2 million, compared to net financial expense of \$64.7 million in 2009. Financial expense in 2010 includes foreign exchange loss amounting to \$5.7 million, compared to a foreign exchange loss of \$ 27.0 million in 2009.

Total recognized variance on financial derivatives was minus \$6.9 million (financial expense) in 2010 compared to \$10.8 (financial income) in 2009. In addition RXT had a financial gain from the financial restructuring of \$41.8 million.

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 2010 was \$36.0 million compared to a net loss of \$177.4 million in 2009.

#### **BALANCE SHEET**

Total non-current assets amounted to \$93.6 million at the end of the period. There were investments of \$0.3 in Q4 2010 compared to \$7.4 million in Q4 2009 and \$0.1 million in Q3 2010.

Free cash and cash equivalents balance was \$17.6 million at the end of the quarter, compared to \$6.9 million end Q4 2009 and \$10.9 million at the end of Q3 2010.

Total liabilities at the end of the quarter were \$50.6 million compared to \$219.6 in Q4 2009 and \$ 60.3 in Q3 2010.

#### **SHARES**

Total outstanding shares at 31 December 2010 were 88 990 170.

At an extraordinary shareholder meeting 13 December 2010, it was resolved to carry out a reverse split of the RXT share, where 100 old shares were merged to 1 new share. This was made with effect from 22nd December 2010.

As of 31 December 2010, a total of 81 921 options were outstanding in connection with the share option programs. Exercise price for 80 384 options varies from NOK 220 to 222. Exercise price for the remaining options varies from NOK 600 to NOK 6 380 except 1 002 options which have exercise price NOK 10.

In total 39 674 577 warrants were issued as part of the private bond placement in December 2008. They may be exercised in the period up to and including 30 November 2012 at NOK 10.00 per share. These warrants have an anti-dilution mechanism which adjusts the exercise price if there are new shares issued below NOK 0.10 per share.

In addition 28 500 000 new warrants were issued as a part of the financial restructuring in December 2009. These may be exercised in the period from December 2009 up to and including 6 December 2013 at NOK 2.40

At an extraordinary shareholder meeting 27th January 2011, it was resolved to carry out a reverse split of the warrants, where 100 old warrants were merged to 1 new warrant. The exercise price was adjusted to NOK 10.00 per warrant for the warrants issued as a part of the private placement in 2008 and NOK 240.00 for the warrants issued as a part of the financial restructuring in December 2009.

The former bond holders of the convertible USD 19.1 million bonds were given an anti-dilution protection when the loan was converted to shares at a share price of NOK 1.30 in December 2009. This gives the former bond holders the right to receive additional shares if there are shares being issued below NOK 130 per share. The liability related to this is reflected in the accounts.



*Working safe onboard the Sanco Star.*

# STATUS AND OUTLOOK

In many mature oil producing regions the “easy” oil has been found and oil companies are facing increasing challenges in developing new discoveries and maintaining production from maturing producing fields, particularly in deeper water. 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 are 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 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 strength-

ening the sales force and increasing the marketing activities towards clients in these areas.

RXT 1 and RXT 4 have been working since mid-December as a combined super crew outside West-Africa. The first survey awarded in December was successful both in terms of data quality and efficiency and the client extended this survey. RXT 1 and RXT 4 will be working on this survey until the end of February. RXT are in discussions with a number of major prospective clients in West-Africa that should result in more work in the region.

RXT continues to see strong interest for OBC data in Brazil. RXT 5 is currently working for Petrobras in the Campos basin, where more than 80% of the total oil production in Brazil takes place. 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 metres, 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.

Outside the Atlantic corridor RXT anticipates several interesting tenders coming out in the Middle East and India, where RXT’s cable and sensor technology is well suited.

From a financial perspective, RXT’s cash management and cost focus will remain key priorities. Cash flow has been positive since Q2 and is expected to remain so through 2011.

RXT has demonstrated throughout the second half of 2010 an ability to be profitable in challenging market conditions. We believe that market conditions will 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 1 and 4 have backlog until end February and RXT 5 has backlog until end March.

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

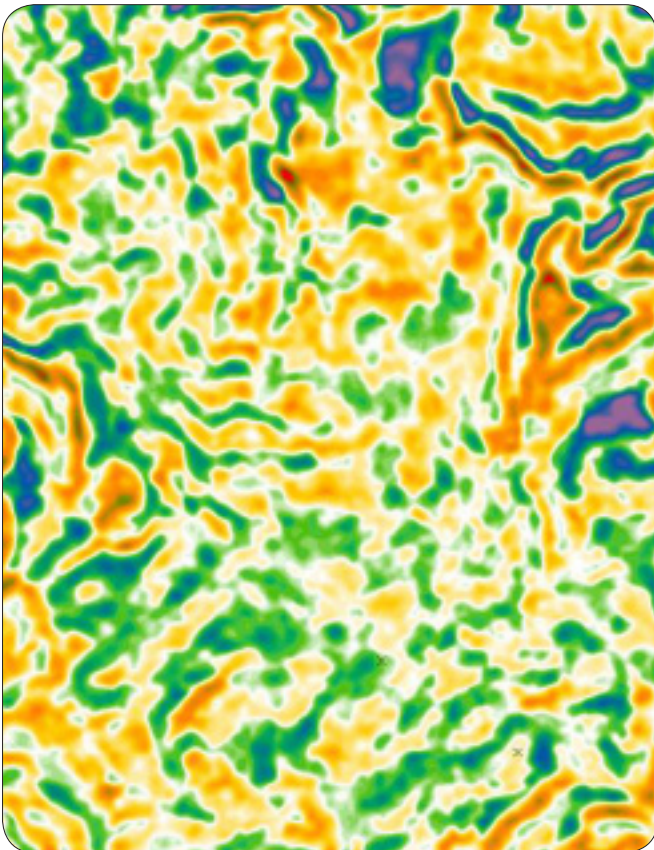
### Responsibility statement

We confirm that, to the best of our knowledge, the condensed set of financial statements for the fourth quarter of 2010 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, fourth paragraph.

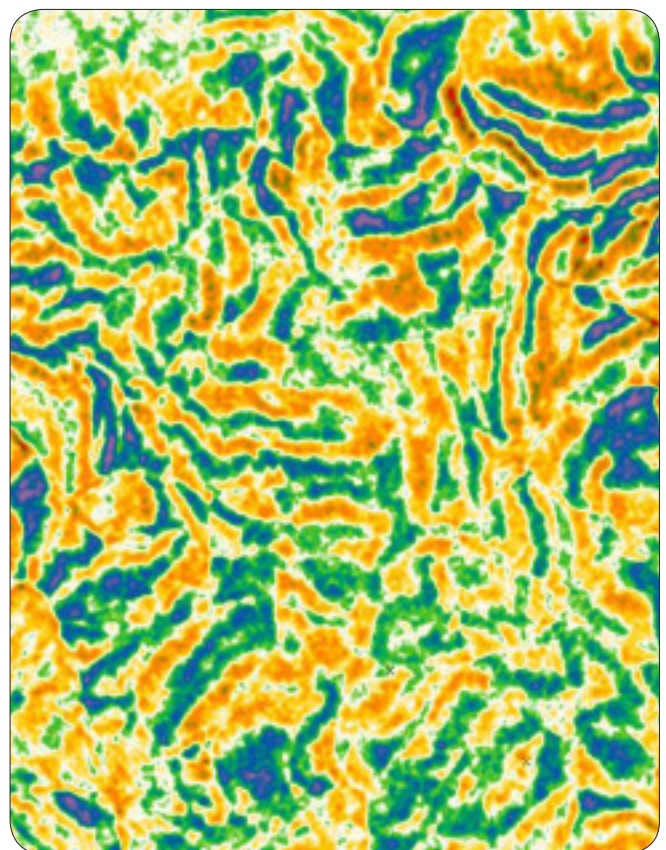
Lysaker, 23 February 2011

The Board of Directors  
Reservoir Exploration Technology ASA

### HDOBC CLEARLY BETTER



Streamer



Ocean Bottom Seismic

Padmos, L. et al, 2010, Using High Density OBC to optimize the Andrew Satellites Development, First Break, Vol.28, Oct. 2010.

# Reservoir Exploration Technology ASA Group

## INCOME STATEMENTS

In US\$ 000'	Unaudited Quarter ended Dec 31		Unaudited Year ended Dec 31		Audited Year ended Dec 31	
	2010	2009	2010	2009	2010	2009
<b>REVENUE:</b>						
Sales revenue	5	48 478	30 878	199 261	226 842	
<b>Total revenue</b>		<b>48 478</b>	<b>30 878</b>	<b>199 261</b>	<b>226 842</b>	
<b>OPERATING EXPENSES:</b>						
Cost of sales		43 158	51 695	205 566	214 182	
Selling, general and administrative cost		3 578	5 872	14 342	14 455	
<b>EBITDA</b>		<b>1 742</b>	<b>-26 690</b>	<b>-20 647</b>	<b>-1 795</b>	
Result (loss) from equity accounted investees		-	3 138	-481	3 138	
Impairment charges		-	61 374	1 845	61 374	
Amortisation intangible assets		2 559	-	2 559	-	
Depreciation	3	6 498	12 885	29 385	51 271	
<b>OPERATING PROFIT</b>	<b>5</b>	<b>-7 315</b>	<b>-104 087</b>	<b>-54 917</b>	<b>-117 578</b>	
<b>FINANCIAL INCOME AND EXPENSES:</b>						
Net foreign exchange gain (loss)		-1 362	-15 412	-5 743	-27 014	
Financial income		87	15	251	412	
Financial expenses		-784	-6 775	-6 722	-20 753	
Other financial income (expense)		-	-17 390	-	-17 390	
<b>Net financial items</b>		<b>-2 060</b>	<b>-39 563</b>	<b>-12 215</b>	<b>-64 745</b>	
<b>Net result before variances on financial derivat./restruct.</b>		<b>-9 375</b>	<b>-143 649</b>	<b>-67 132</b>	<b>-182 324</b>	
Gain (loss) on financial derivatives		109	15 571	-6 888	10 830	
Gain (loss) on restructuring		-2 502	-	41 806	-	
<b>NET RESULT BEFORE TAX</b>		<b>-11 768</b>	<b>-128 078</b>	<b>-32 214</b>	<b>-171 494</b>	
Income tax expense (benefit)		491	5 812	3 784	5 926	
<b>NET PROFIT (LOSS)</b>		<b>-12 259</b>	<b>-133 890</b>	<b>-35 998</b>	<b>-177 419</b>	
<b>Earnings (loss) per share (US\$) - Basic</b>		-0.002	-0.690	-0.006	-1.21	
<b>Earnings (loss) per share (US\$) - Diluted</b>		-0.002	-0.400	-0.006	-1.21	
<b>Average shares outstanding</b>		8 027 695 489	192 472 426	6 327 781 207	146 062 688	
<b>Average shares outstanding - Diluted</b>		8 578 887 187	332 375 272	6 744 948 923	244 005 332	

# Reservoir Exploration Technology ASA Group

## BALANCE SHEETS

In US\$ 000'		Unaudited Dec 31 2010	Audited Dec 31 2009
<b>ASSETS</b>			
<b>Non-current assets:</b>			
Multiclient library		10 016	12 520
Seismic equipment	3	83 627	114 800
Investment in equity accounted investees		-	3 000
<b>Total non-current assets</b>		<b>93 643</b>	<b>130 320</b>
<b>Current assets:</b>			
Accounts receivable		17 746	18 516
Other current assets	2	4 563	25 585
Cash and cash equivalents		17 600	6 936
Restricted cash		1 558	4 153
<b>Total current assets</b>		<b>41 467</b>	<b>55 190</b>
<b>TOTAL ASSETS</b>		<b>135 110</b>	<b>185 510</b>

# Reservoir Exploration Technology ASA Group

## EQUITY AND LIABILITIES

In US\$ 000'		Unaudited Dec 31 2010	Audited Dec 31 2009
<b>Shareholder's equity:</b>			
<b>Paid in capital:</b>			
Share capital		148 660	6 890
Share premium reserve		82 340	85 294
Other equity		38 665	30 635
<b>Translation differences</b>			
Translation differences		-12 974	-20 727
<b>Accumulated profits</b>			
Retained earnings/(loss)		-172 167	-136 169
<b>Total equity</b>		<b>84 524</b>	<b>-34 076</b>
<b>Long-term liabilities:</b>			
Financial liability anti-dilution mechanism	4	-	1 551
Bond loan with warrants	4	149	23 185
Bond loans	4	2 766	-
Financial lease obligation		-	3 981
Deferred tax liabilities		38	7 814
<b>Total long-term liabilities</b>		<b>2 953</b>	<b>36 531</b>
<b>Current liabilities:</b>			
Financial liability anti-dilution mechanism	4	13 906	5 113
Bond loans		-	96 813
Financial lease obligation		2 803	4 999
Accounts payable		11 131	48 716
Other current liabilities	2	19 793	27 414
<b>Total current liabilities</b>		<b>47 633</b>	<b>183 055</b>
<b>Total liabilities</b>		<b>50 586</b>	<b>219 586</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>135 110</b>	<b>185 510</b>

# Reservoir Exploration Technology ASA Group

## CASH FLOW STATEMENTS

In US\$ 000'	Unaudited Quarter ended Dec 31		Unaudited Year ended Dec 31	Audited Year ended
	2010	2009	2010	2009
<b>Cash flow from operating activities:</b>				
Net result before income taxes	-11 768	-128 078	-32 214	-171 494
Depreciation and amortisation	9 057	12 885	31 944	51 271
Impairment	-	61 374	1 845	61 374
Fair value of conversion right CB/Restruct effects	2 393	-15 571	-34 918	-10 830
Changes in current assets/ liabilities	6 569	47 566	7 225	422
Net finance expense	2 060	39 563	12 215	64 745
Equity-settled share-based payments	8	267	521	910
Share of loss (profit) of equity accounted investees	-	3 138	481	3 138
Gain on sale of seismic equipment	-	-	-	-
Income tax paid	-491	-5 812	-3 784	-5 926
<b>Net cash flow from operating activities</b>	<b>7 828</b>	<b>15 330</b>	<b>-16 685</b>	<b>-6 389</b>
<b>Cash flow from Investing activities:</b>				
Investments in multiclient library	-	-	-	-768
Interest received	87	-	250	397
Equity investment	-	-	-	-
Purchase of seismic equipment	-264	-5 145	-1 400	-13 941
Sale of seismic equipment	268	-	268	-
Investment in EM development	-	-2 270	-	-4 858
<b>Net cash flow from investing activities</b>	<b>91</b>	<b>-7 415</b>	<b>-882</b>	<b>-19 170</b>
<b>Cash flow from financing activities:</b>				
Proceeds from new equity raised	-	10 382	36 150	38 819
Proceeds from debt raised	-	-	5 000	18 641
Net change in credit facility	-	-8 834	-	-13 147
Payment of interest	-156	-1 629	-2 658	-8 769
Payment of debt	-1 095	-1 606	-10 261	-5 819
<b>Net cash flow from financing activities</b>	<b>-1 251</b>	<b>-1 687</b>	<b>28 231</b>	<b>29 725</b>
<b>Cash balance:</b>				
Net change in cash	6 667	6 227	10 664	4 165
Cash beginning of period	10 933	710	6 936	2 771
<b>Cash end of period</b>	<b>17 600</b>	<b>6 936</b>	<b>17 600</b>	<b>6 936</b>
Available credit facility	-	-	-	-

# Reservoir Exploration Technology ASA Group

## STATEMENT OF COMPREHENSIVE INCOME & CHANGES IN EQUITY

### STATEMENT OF COMPREHENSIVE INCOME

In US\$ 000'	Unaudited Quarter ended Dec 31		Unaudited YTD Dec 31	Audited YTD Dec 31
	2010	2009	2010	2009
Net Profit (loss)	-12 259	-133 890	-35 998	-177 419
Translation differences	5 635	12 361	7 753	2 184
<b>Total recognised income and expenses for the period</b>	<b>-6 623</b>	<b>-121 529</b>	<b>-28 244</b>	<b>-175 235</b>

### CHANGES IN EQUITY

In US\$ 000'	Unaudited Dec 31	Audited Dec 31
	2010	2009
<b>Opening balance</b>	<b>-34 076</b>	<b>53 584</b>
Total recognised revenues and expenses in period	-28 244	-175 235
Share issues	40 116	38 819
Other/Share Issue cost	-2 957	-
Debt conversion	101 654	49 162
New warrants	-	2 097
Equity share convertible bonds (net of tax)	7 509	-3 414
Share options	521	910
<b>Equity per period end</b>	<b>84 524</b>	<b>-34 076</b>

# 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 2009 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](http://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 2009. 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 2009.

The fourth quarter Condensed Consolidated Interim Financial Statement was approved by the Board of Directors on 23 February 2011.

### 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 01.01.2010	21 195
Net recognized cost 2010	20 368
<b>Recognized asset at 31.12.2010</b>	<b>827</b>

### Deferred mobilization income

Recognized Liability at 01.01.2010	3 726
Net recognized income 2010	3 213
<b>Recognized Liability at 31.12.2010</b>	<b>513</b>

Net asset (liability) 01.01.2010	17 469
Net recognized income (cost) 2010	-17 155
<b>Net asset (liability) 31.12.2010</b>	<b>314</b>

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
<b>Acquisition cost</b>			
01.01.2010	1 514	301 664	<b>303 178</b>
Additions	-	1 400	<b>1 400</b>
Disposals	-	-212	<b>-212</b>
<b>Acquisition cost at 31.12.2010</b>	<b>1 514</b>	<b>302 852</b>	<b>304 366</b>
Accumulated depreciation and currency adjustments 31.12.10	1 399	154 893	<b>156 292</b>
Accumulated impairment 31.12.10	-	64 447	<b>64 447</b>
<b>Net carrying amount 31.12.2010</b>	<b>115</b>	<b>83 512</b>	<b>83 627</b>
Depreciation for the year	209	29 176	29 385
Impairment for the year	-	1 845	1 845

(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\$ 14.8 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 Q4 2010.

Impairment of US\$ 1.8 million on seismic equipment was charged in Q2 2010.

(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
			Dec 31 2010
<b>Unsecured</b>			
Bond loan (MNOK 400)	6,45 %	2013	2 356
Bond loan (MNOK 165)	7,35 %	2014	410
Bond loan with warrants	10,00 %	2015	149
Fair value anti-dilution mechanism		2011	13 906
<b>Total unsecured long-term debt</b>			<b>16 821</b>
Short term part of anti dilution mechanism			13 906
<b>Total long-term debt excl. the 1st year's principal repayments</b>			<b>2 915</b>

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 \$13.9 million at December 31, 2010, 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.

<b>Quarter ended December 31, 2010</b>	<b>Americas</b>	<b>EAME</b>	<b>Total</b>
Revenue	25 168	23 310	48 478
Operating profit/ loss	-43	-7 272	-7 315
Depreciation	2 179	4 319	6 498
<b>Quarter ended December 31, 2009</b>	<b>Americas</b>	<b>EAME</b>	<b>Total</b>
Revenue	9 713	21 165	30 878
Operating profit/ loss	-29 164	-74 923	-104 087
Depreciation	2 956	9 929	12 885
<b>Year ended December 31, 2010</b>	<b>Americas</b>	<b>EAME</b>	<b>Total</b>
Revenue	109 564	89 697	199 261
Operating profit/ loss	-5 913	-49 004	-54 917
Depreciation	12 340	17 045	29 385
<b>Year ended 31 December 2009</b>	<b>Americas</b>	<b>EAME</b>	<b>Total</b>
Revenue	69 719	157 123	226 842
Operating profit/ loss	-20 621	-96 957	-117 578
Depreciation	10 609	40 662	51 271

## CONTACTS:

### **Stein Hedemark**

Phone: +47 67 82 85 00

[www.rxt.com](http://www.rxt.com)

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](http://www.rxt.com).