Reservoir Exploration Technology ASA (RXT)
Report Per 3rd Quarter 2006 (Unaudited)

3rd Quarter Highlights

- Q3 Revenue of $16.4 million compared to $5.8 million in Q3 2005.
- Q3 EBITDA of $4.5 million, compared to $1.7 million in Q3 2005.
- Earnings per share were $0.24, versus minus $0.38 in 2005.
- Crew 2 – Ocean Pearl – successfully completed first program in North Sea, on time and on budget.
- Letter of Intent for major contract in Caspian Sea for Crew3 in 2007.
- Alliance agreement signed with Enovation Resources Limited.

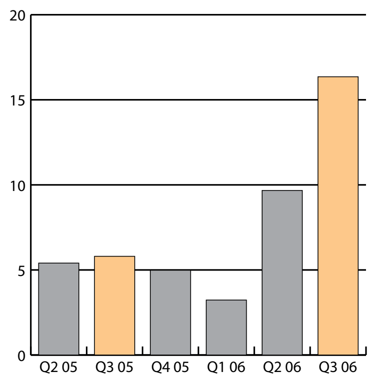
9 Months Highlights

- Revenue of $29.3 million compared to $14.1 million in 2005.
- EBITDA of $0.2 million, same as in 2005.
- Earnings per share were minus $0.64, an improvement of $0.88 from 2005.

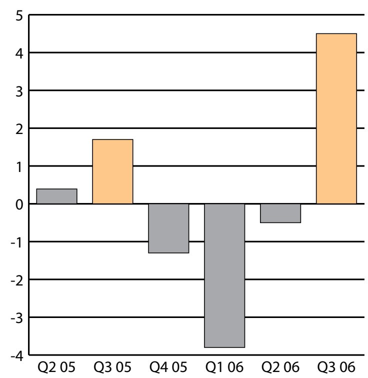
2006 Outlook

- Gulf of Mexico crew secured work until February 2007.
- Ocean Pearl secured work until approximately end of November, with a possible extension.
- Tenders submitted for large programs at the current buoyant market rates in the Gulf of Mexico, Far East and West Africa, in addition to two smaller programs in the North Sea
- Revenue and EBITDA for Q4 expected to be better than Q3.

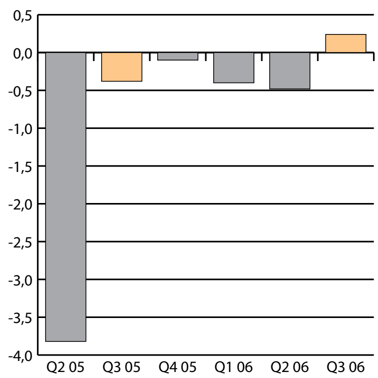
Revenue (In US$ millions)



EBITDA (In US$ millions)



Earnings per Share (In US$)



Operations

Revenue for 3rd quarter 2006 was $16.4 million, compared to $5.8 million in 2005.

The production for the GOM crew was negatively affected by an unusual technical problem with one of the vessels in September, which was entirely unrelated to our seismic activity. The vessel had to go into port for repairs, and the yard stay lasted almost two weeks.

Ocean Pearl completed very successfully its first program, West of Shetland, in the first week of September 2006. This was a high profile program involving three Supermajor oil companies and was completed on time and on budget. The vessel then mobilized for reservoir specific 4C programs on the Norwegian continental shelf. Estimated completion is end November, with the possibility of follow-on programs.

Ocean Pearl is the first "single vessel" solution in the global OBC market, and has turned out to be very successful. RXT believes that this concept gives a significant competitive advantage for 4C applications due to lower cost base and less HSE risk.

EBITDA:

EBITDA (earnings before interest, tax, depreciation, amortization and write-downs) for the quarter was $4.5 million, compared to $1.7 million in 2005. This is consistent with our previous guidance for the quarter, despite the two week unscheduled yard stay for Crew 1 in September.

EBITDA for the quarter was negatively impacted by:

- 12 days with vessel downtime in September for one of the GOM vessels.
- Hiring of certain key individuals for crew number 3 ahead of time.
- Expensed share option cost higher than planned.

Financial items

Net financial income for Q3 2006 was $0.7 million, compared to a net financial expense of $6.4 million for Q3 2005. Financial income in Q3 2006 includes unrealized foreign exchange gain related to the convertible bond (NOK 140 million) amounting to $1.1 million. Financial expense in Q3 2005 was mainly due to high financial expenses on loans which were paid down in 2005 with significant prepayment costs.

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

Net Profit
Net profit for Q3 2006 was $4.8 million compared to minus $5.7 million from Q3 2005.

Balance Sheet
Total non-current assets amounted to $59.6 million at the end of the period. Purchase of seismic equipment amounted to $4.8 million in Q3 2006.

Cash and cash equivalents balance was $0.6 million at the end of the quarter, compared to $31.2 million at year end 2005. The reduction is mainly due to acquisition of seismic equipment.

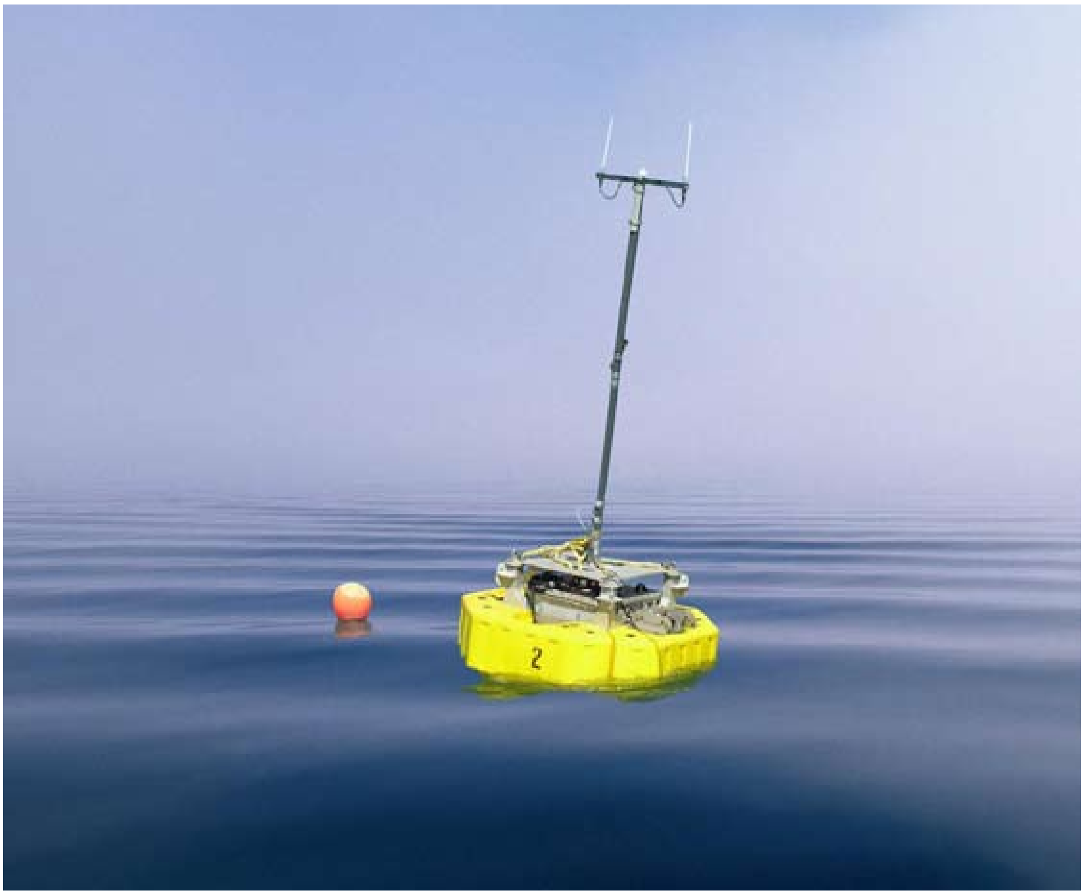
Total liabilities at the end of the quarter were $41.8 million, of which $21.6 million is interest bearing.

According to IFRS, a convertible bond shall be split into an equity element and a debt element. However, this is not the case if the currency of the convertible bond is different from the functional currency of the issuing company. The bond is issued in NOK by RXT ASA, having USD as its functional currency. Consequently, the convertible bond includes a financial derivative that has to be recorded as a financial liability at inception and with following changes in estimated market value through the profit and loss statement. Reference is made to IAS 32.16. The change effects Q3 2006 positively, with $2.9 million. It has a negative impact of $2.6 million for Q1 2006, and $5.7 million for Q2 2006. And it has a negative effect on the equity as per end September 2006 of $10.4 million. This does not have any impact on EDITDA or future cash flow.

Shares
Total outstanding number of shares in the Company is 20,018,025.

In October 2006, 3 employees of RXT exercised in total 6,670 stock options at an exercise price of NOK 6 per share. Total outstanding number of shares in the Company after this share issue will be 20,024,695.

RXT Board of Directors has been granted authority to issue 2,333,340 shares in connection with share option programs. A total of 2,173,340 options have now been allocated under these programs.



Outlook 2006/2007

Following successful commercialisation of the VSO system through 2005, RXT has, in 2006, firmly established itself as the leading provider of the highest quality and most cost efficient 2C and 4C data acquisition through successful programs in the Gulf of Mexico (2C) and West of Shetland (4C).

The general market demand for both products (2C for exploration and 4C for improved oil recovery) is high and growing. This is evidenced by the number of large programs presently tendered in the Gulf of Mexico, West Africa and Far East, with further large scale programs coming out for tender in all regions. All these programs are tendered at rates significantly higher than the "introductory" rates used to develop our market position in 2006. The total value of outstanding tenders is close to $300m.

Caspian region

RXT's strong position in the market place is evidenced by the recent Letter of Intent for a major contract in the Caspian Sea. Estimated contract value is $30-35m, and estimated duration is 135 days. This is a strategically important contract which can lead to further major contracts in the region in the future. The survey will be acquired with the new third crew as announced in Q2 2006 Earnings Release. This crew will consist of three shallow draft vessels and the acquisition will start as soon as the ice disappears in April/May 2007. It is RXT's intention to keep this crew permanently in the Caspian region.

Enovation

The alliance agreement signed with Enovation Resources Ltd (ERL) complements very well the activity already projected for the mature areas of the Gulf of Mexico and the North Sea where, in both cases, the potential market for 4C seismic for improved oil recovery applications is huge. The agreement represents an important step in RXT's strategy to proactively drive this process. ERL has committed to an initial minimum purchase of RXT's 4C acquisition services of $11m over 27 months.

In the short term

Crew 1 will complete the current program in February 2007 and will remain active in the Gulf of Mexico.

Crew 2 (Ocean Pearl) will complete its current scheduled programs in late November and will stay in the North Sea until early Q1 before mobilizing for West Africa or the Gulf of Mexico.

Crew 3 will be mobilized and deployed in the Caspian Sea in April 2007.

Lysaker, 20 November 2006

The Board of Directors
Reservoir Exploration
Technology ASA

Reservoir Exploration Technology ASA Group
Income Statements
Unaudited

In US$ 000'	Quarter ended Sep 30, 2006	Quarter ended Sep 30, 2005	Nine months ended Sep 30, 2006	Nine months ended Sep 30, 2005	Year ended Dec 31, 2005
REVENUE:					
Sales revenue	16 355	5 802	29 256	14 129	19 113
Total revenue	**16 355**	**5 802**	**29 256**	**14 129**	**19 113**
OPERATING EXPENSES:					
Cost of sales	9 918	2 741	23 941	11 326	16 369
Selling, general and administrative cost	1 924	1 313	5 160	2 695	3 934
Other expenses	3 295	1 111	6 594	3 333	4 459
OPERATING PROFIT / EBIT	**1 219**	**636**	**(6 439)**	**(3 226)**	**(5 649)**
FINANCIAL INCOME AND EXPENSES:					
Financial income	1 134	170	50	314	792
Financial expenses	(413)	(6 542)	(1 010)	(8 077)	(8 113)
Net financial items	**721**	**(6 372)**	**(960)**	**(7 763)**	**(7 321)**
Net result before variances on drivative of CB	**1 940**	**(5 735)**	**(7 398)**	**(10 989)**	**(12 970)**
Variance on derivative of the convertible bond (CB)	2 868	0	(5 359)	0	0
NET RESULT BEFORE TAX	**4 808**	**(5 735)**	**(12 757)**	**(10 989)**	**(12 970)**
Income tax expense	0	0	0	0	0
NET PROFIT (LOSS)	**4 808**	**(5 735)**	**(12 757)**	**(10 989)**	**(12 970)**
Earnings per share (US$)	0,24	(0,38)	(0,64)	(1,52)	(1,24)
Earnings per share (US$) - Diluted	0,20	(0,38)	(0,64)	(1,52)	(1,24)
Average shares outstanding	20 017 928	14 928 095	20 011 619	7 240 730	10 456 765
Average shares outstanding - Diluted	24 373 470	15 273 427	24 249 647	7 419 357	10 667 454

Reservoir Exploration Technology ASA Group
Balance Sheets
Unaudited

In US$ 000'		September 30, 2006	December 31, 2005
ASSETS			
Non-current assets:			
Seismic equipment	3	58 886	21 067
Prepaid fixed assets		667	1 886
Total non-current assets		**59 553**	**22 953**
Current assets:			
Accounts receivable		8 440	3 216
Other current assets		2 329	983
Total receivables		**10 770**	**4 198**
Cash and cash equivalents		616	31 207
Total current assets		**11 386**	**35 406**
TOTAL ASSETS		**70 939**	**58 359**
EQUITY AND LIABILITIES			
Shareholders' equity:			
Paid in capital:			
Share capital		302	302
Share premium reserve		62 199	62 149
Other equity		1 363	559
Accumulated profits			
Retained earnings/(loss)		-34 760	-22 316
Total equity		**29 103**	**40 694**
Long-term liabilities:			
Convertible bond		15 012	0
Fair value of conversion right CB		10 354	0
Other long-term liabilities		3 426	7 972
Total long-term liabilities	4	**28 792**	**7 972**
Current liabilities:			
Short term interest bearing debt		3 847	0
Accounts payable		7 457	5 301
Other current liabilities		1 740	4 392
Total current liabilities		**13 044**	**9 693**
Total liabilities		**41 836**	**17 665**
TOTAL EQUITY AND LIABILITIES		**70 939**	**58 359**

Reservoir Exploration Technology ASA Group
Cash flow statements
Unaudited

In US$ 000'	Quarter ended September 30, 2006	Quarter ended September 30, 2005	Nine months ended September 30, 2006	Nine months ended September 30, 2005	Year ended Dec 31, 2005
Cash flow from operating activities:					
Net result before income taxes	4 808	(5 735)	(12 757)	(10 989)	(12 970)
Depreciation	3 295	1 111	6 594	3 333	4 459
Changes in current assets/ liabilities	(8 857)	(6 001)	1 275	(4 079)	(1 643)
Net cash flow from operating activities	**(755)**	**(10 625)**	**(4 888)**	**(11 735)**	**(10 155)**
Cash flow from Investing activities:					
Purchase of seismic equipment	(4 837)	(797)	(43 194)	(987)	(4 664)
Net cash flow from investing activities	(4 837)	(797)	(43 194)	(987)	(4 664)
Cash flow from financing activities:					
Proceeds from new equity raised	44	49 580	44	49 580	49 547
Proceeds from debt raised	0	6 502	19 269	7 902	7 902
Payment of liabilities	(456)	(11 258)	(1 822)	(11 258)	(11 485)
Net cash flow from financing activities	(412)	44 824	17 490	46 224	45 964
Cash balance:					
Net change in cash	(6 003)	33 402	(30 591)	33 502	31 145
Cash beginning of period	6 619	162	31 207	62	62
Cash end of period	**616**	**33 564**	**616**	**33 564**	**31 207**

Reservoir Exploration Technology ASA Group
Changes in Equity
Unaudited

In US$ 000'	Sep 30 2006	Dec 31, 2005
Opening balance	**40 694**	**(9 298)**
Share issue	44	63 347
Net result	(12 757)	(12 970)
Accrual for shares issue cost 2004	316	(943)
Accrual for share option cost	806	559
Equity per period end	**29 103**	**40 694**

Notes To The Consolidated Financial Statements

Note 1
The 2006 and 2005 financial figures have been prepared and presented based upon International Financial Reporting Standards (IFRS). This quarterly 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 ASA, ("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, 2006.

2.3 Presentation currency
The Group presents its financial statements in US$.

2.4 Basis of consolidation
The Group's consolidated financial statements comprise RXT ASA 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. If the hedge no longer meets the criteria for hedge accounting, the carrying amount of the hedged object is recognised in the income statement.

(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, and any previously accumulated gain or loss on the hedging instrument that has been recognised directly in equity will be recognised in profit or loss..

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.

2.8 Derivatives that are not hedging instruments

Derivatives that are not classified as hedging instruments are classified as financial assets or liabilities at fair value through profit or loss and measured at fair value. Changes in the fair value of such derivatives are recognized 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 expensed 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 capitalised.

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 economic life 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 is 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 a tangible non-current asset provided these costs do form part of the hardware acquisition costs. Costs 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 are capitalised. Costs that have been charged as expenses in previous accounting periods are not recognised in the balance sheet.

Capitalised 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.

RXT is a supplier of geophysical services to the oil and gas industry, and revenues are related to the acquisition of multi-component seismic seafloor acquisition on contract basis for oil and gas companies worldwide.

Contract 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 US$ are translated to US$ 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 has no part-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.

RXT ASA has a convertible bond that is denominated in a foreign currency. Following IAS, a foreign currency convertible bond is not a compound financial instrument and is classified wholly as a liability in the financial statements. Following IAS 32, by definition, foreign currency denominated convertible debt contains embedded derivative in relation to the conversion option, and the foreign exchange rates must be re-measured to market at reporting date.

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.

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. 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.

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. For the preparation of the annual financial statement for 2005, and quarterly reports in 2006, no important estimates or assumptions have been used, as the number are factual and based on settled contracts.

Note 3 Property, plant and equipment

In US$ 000'	Office machines and software	Seismic equipment	Total fixed assets
Acquisition cost			
01.01.2006	100	26 625	26 725
Additions	341	44 086	44 427
Disposals			
Acquisition cost at 30.09.2006	**441**	**70 711**	**71 152**
Accumulated depreciation and impairment losses			
01.01.2006	36	5 622	5 658
The year's depreciation	72	6 536	6 608
The year's impairment losses			
Accumulated depreciation and impairment test 30.09.2006	**108**	**12 158**	**12 266**
Net carrying amount 30.09.2006	333	58 553	58 886

3.1 Fully written down non-current assets
Some fixtures and fittings with a total cost price of TUSD 55 have been fully depreciated as at 30 September 2006 but are still in use.

3.2 Discarded non-current assets
No non-current assets are ready to be discarded.

3.3 Non-current assets temporarily out of operation
No non-current assets are temporarily out of operation.

3.4 Equipment leased under finance leases
The company has no equipment under finance leases.

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

3.6 Impairment losses
The impairment calculation shows no indication of impairment losses.

3.7 Depreciation rates
The following depreciation rates have been used:

Office machines	30 %
Software	30 %
Seismic equipment	14 - 20 %

3.8 Change in depreciation periods
The depreciation rates are unchanged from 2005.

3.9 Residual value
The seismic equipment has no residual value.

4 Long-term liabilities

			Carrying amount
	True rate of interest	Maturity date	Sep 30, 2006
Unsecured			
Bank loans – floating interest rates			
Loan attributable to discontinued operation			
Share of joint venture loan			
Loan from vendor	1%	2008	**6 150**
Convertible bonds (CB)	5%	2011	**15 012**
Fair value/foreign ex effect of CB		2011	**10 354**
Total unsecured long-term debt			**31 516**
Total long-term debt			**31 516**
1st year's principal repayments on long-term debt			**-2 724**
Total long-term debt excluding the 1st year's principal repayments			**28 792**

The rate of interest is a calculated weighted average.

The interest rate for the loan from vendor may increase if certain purchase obligations are not met.

The Company expects to meet the obligations in the near future.

Convertible bonds:
At 30 September 2006, there were 139.979.000 convertible bonds in issue. Each bond has a nominal value of NOK 1 and is convertible at the option of the bond holder into ordinary shares up to maturity, at 22 February 2011 on the basis of one ordinary share for every fourty bonds held, a total of 3.499.475 shares. Any bonds not converted will be redeemed on 22 February 2011 at a price of NOK 1 per bond. The bonds carry a interest rate of 5% per annum, payable annually. As USD is the functional currency of the Company, the loan and derivative are accounted for as a financial liability. IAS 32 requires that the net proceeds from the issue of the convertible loan is split between the liability element (the base loan) and an embedded derivative (the option to convert into shares). The embedded derivative represents the fair value of the embedded option to convert the liability into equity of the group. Normally this split is made at inception with the value of the embedded derivative being recorded to equity, and this value in equity is not remeasured at future dates.
However, because this convertible loan is denominated in NOK, the embedded derivative must be recorded as a liability. This also means that the fair value of the embedded derivative must be estimated at each reporting date, with the changes in fair value being recorded in the income statement. These entries do not affect the level of liability that must be paid to loan holders at maturity date, and therefore do not represent the amount of cash that the group may need to fund in the future.
The derivative is computed by applying the Black & Scholes model, using a volitality of 45%.

ERNST & YOUNG

■ **Statsautoriserte revisorer**

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To the Board of Directors of
Reservoir Exploration Technology ASA

REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF RESERVOIR EXPLORATION TECHNOLOGY ASA

We have reviewed the accompanying interim balance sheet of Reservoir Exploration Technology ASA Group (the "Company") as at 30 September 2006 and the related interim statements of income showing a loss of USD 12.8 million, changes in equity and cash flows for the period then ended, and a summary of significant accounting policies and other explanatory notes. Management and the Board of Directors are responsible for the preparation and fair presentation of these interim financial statements in accordance with International Financial Reporting Standard IAS 34 Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on these interim financial statements based on our review.

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial statements do not present fairly, in all material respects, the financial position of the Company as at 30 September 2006 and of its financial performance and its cash flows for the nine-month period then ended in accordance with IAS 34.

Oslo 20. November 2006
Ernst & Young AS

Asbjørn Rødal
State Authorised Public Accountant (Norway)

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RXT is a marine geophysical company specialising in multi component seismic sea-floor 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, London and Houston. Additional information is available at www.rxt.com.