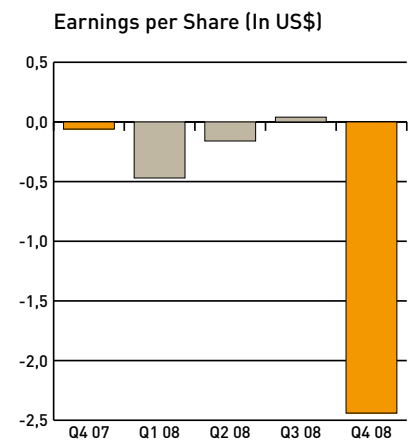
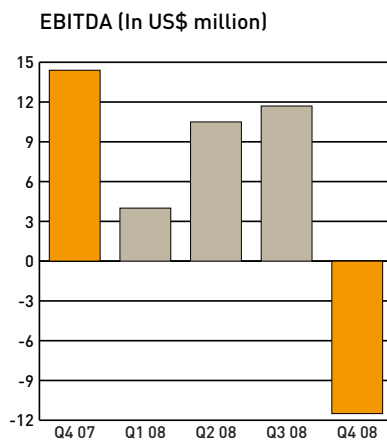
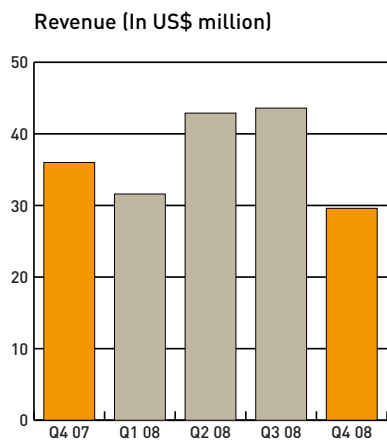


RESERVOIR EXPLORATION TECHNOLOGY ASA (RXT)  
REPORT PER 4th QUARTER 2008  
(UNAUDITED)



The future is on the seafloor





# REPORT PER 4th QUARTER 2008 (UNAUDITED)

## 4th QUARTER HIGHLIGHTS

- Disappointing quarter
- Impairment charges of \$18 million
- Temporary decommissioning of RXT1 in the Gulf of Mexico (GOM)
- \$60 million share issue and bond issue in December 2008
- Changes in RXT Management
- Implemented plan for cost cut and cost control
- Possible short term loan facility and \$30 million share issue
- RXT4 started operation in the North Sea in end December 2008
- RXT5 started operation in Brazil in end February 2009
- Total backlog secured to date: Approximately \$450 million

## KEY FINANCIAL FIGURES

USD million (except per share data)	Q4 2008	Q3 2008	Q4 2007	2008	2007
Revenues	29.6	43.6	36.0	147.6	102.0
EBITDA	-11.5	11.7	14.4	15.2	24.0
Impairment charges	-18.3	0.0	0.0	-18.3	0.0
Operating profit/ (loss)	-41.1	3.0	5.7	-43.3	0.3
Net financial items	-14.7	-0.9	-2.9	-31.8	-18.8
Net profit/ (loss)	-68.5	1.0	-1.5	-85.2	-17.1
Earnings per share	-2.44	0.04	-0.06	-3.10	-0.66

# OPERATIONS

## RXT1

After the completion of a 2C program in the Gulf of Mexico (GOM) in early October, RXT1 acquired a non-funded program in cooperation with another major seismic company that will provide the data processing and sales resources. As there was no secured contract for follow-on work, RXT decided in end December 2008 to decommission the crew. The vessel M/V Bourbon was given back to the vessel owner in late January 2009, and the vessel M/V Beulah will be used to assist other RXT-operations. We believe that this plan allows time for the short term situation in the GOM to improve, and also provides the necessary break for long term work to become scheduled. Due to the sub-salt and deep target imaging in the obstructed areas on the shelf, we believe that the GOM will continue to play a vital part of RXT's plans going forward.

## RXT2

The cable handling vessel Ark Phil arrived on the prospect in Nigeria in October, which has resulted in a significant increase in the production due to optimum usage of a larger number of cables. However, it has taken longer than expected to achieve the targeted production levels. Production in December 2008 was also negatively affected by an incident with one of the vessels, causing a 10 days stop in production.

## RXT3

The program in the Russian sector of the Caspian Sea started in the

end of October 2008. Production in November, December 2008 and in January 2009 has been low due to bad weather, but has improved lately.

## RXT4

RXT4 – Vikland – mobilised for BP in the North Sea late December 2008, but did not generate any revenue until late January 2009 due to technical issues with the equipment and poor weather. The production has improved lately, and has now reached targeted earning levels.

## RXT5

RXT5, comprising RXT's first purpose built vessel Sanco Star and Ocean Europe, has mobilised on the Albacora field in Brazil after clearance into Brazil in late February 2009.

## ORGANISATION

Chief Executive Officer (CEO) in RXT Michael Scott is stepping down.

It is the hope and intention of the Board that Mr. Scott will consult to the company going forward to harness his considerable industry experience. In this role he will report directly to the Board, and is likely to include aiding medium and long term strategy and business development during this consolidation phase. Discussions around this arrangement are ongoing. The Board fully recognizes the contribution Mr. Scott has made in founding the business during which he led the company growth, and thanks him for his vision and strong industry pres-

ence in devising RXT and leading it to this point. Chairman of the Board William McCall will temporarily act as the CEO in RXT until a new CEO is appointed. That process is underway.

Larry Wagner has been appointed in a new position as Chief Operating Officer (COO) in RXT. Mr. Wagner will be in charge of most of the daily operations. Larry Wagner has held the position as VP North and South America in RXT since 2004, and has 34 years experience from the marine seismic business. Mr. Wagner is a U.S. citizen.

Starting from 1 April 2009, Laurie Wigle will join RXT as VP Acquisition. Mr. Wigle has 22 years experience in the seismic industry. He served 13 years in marine field operations and has for the past 9 years held a variety of managerial positions with Western Geophysical and WesternGeco. He is a Canadian citizen.

## FINANCIAL

### Revenue:

Revenue for Q4 2008 was \$29.6 million, compared to \$36.0 million in Q4 2007. Revenue in Q3 2008 was \$43.6 million. The reduction in revenue from Q3 2008 to Q4 2008 is mainly due to lack of follow-on work for RXT1 in the GOM after completion of the 2C program in early October 2008.

### Operating expenses:

Cost of sales for Q4 2008 was \$37.7 million, compared to \$18.6 million in Q4 2007. Cost of sales in Q3 2008

was \$28.4 million. The increase is related to higher operating expenses in Nigeria and the Caspian Sea. Net depreciation was \$9.6 million in Q4 2008, compared to \$8.7 million in Q4 2007. Net depreciation in Q3 2008 was \$8.7 million.

Selling, general and administrative cost ("S, G&A") for Q4 2008 was \$3.4 million, compared to \$2.9 million in Q4 2007. S, G&A for Q3 2008 was \$3.5 million.

#### **EBITDA**

EBITDA (earnings before interest, tax, depreciation, amortization and

write-downs) for the quarter was minus \$11.5 million, compared to \$14.4 million in Q4 2007. EBITDA in Q3 2008 was \$11.7 million.

#### **IMPAIRMENT CHARGES**

In Q4 2008, RXT recorded impairments of long-lived assets totalling \$18.3 million. \$10 million relates to decommissioning of RXT1 in early 2009 and RXT3 in mid 2009. \$5.9 million relates to write-down of EM-investments, and \$2.4 million relates to write down of multi-client seismic shot in 2007 in the North Sea.

#### **FINANCIAL ITEMS**

Net financial expense for Q4 2008 was \$14.7 million, compared to net financial expense of \$2.9 million for Q4 2007. Net financial expense in Q3 2008 was \$0.9 million.

Financial expense in Q4 2008 includes foreign exchange expense amounting to \$10.6 million (gain of \$0.4 million in Q4 2007 and gain of \$3.9 million in Q3 2008).

#### **TAX**

The Company has significant tax losses and tax credits to be carried forward. However, the company has





taken a prudent approach and not recognized these potential deferred tax assets at 31 December 2008. As such previously recognized deferred tax asset were reversed in Q4 2008. In addition, RXT expensed withholding tax in Nigeria paid in 2008. Total tax expenses in Q4 2008 were \$12.8 million.

#### NET PROFIT/ LOSS

Net loss for Q4 2008 was \$68.5 million compared to a net loss of \$1.5 million in Q4 2007. Net profit for Q3 2008 was \$1.0 million.

#### BALANCE SHEET

Total non-current assets amounted to \$240.1 million at the end of the period. Purchase of seismic equipment amounted to \$70.7 million in Q4 2008. \$21.7 million of this is capitalised cost during rigging.

Cash and cash equivalents balance was \$7.1 million at the end of the quarter, compared to \$32.5 at year end 2007. RXT has a credit line amounting to NOK 110 million, most of this was utilised as per end of December 2008.

RXT issued in December 2008 a bond loan with total amount of NOK 276 million. Par value of each bond is NOK 100 and maturity is December 11th 2012. Interest per annum is 10%, payable in June and December. Further, 39,204,545 warrants were issued as a part of the bond placement.

Total liabilities at the end of the

quarter were \$218.7 million.

RXT issued a NOK 400 million senior unsecured bond loan in May 2007, and a NOK 165 million senior unsecured bond loan in December 2007. One of the covenants specifies a minimum equity to capital deployed ratio of 40%. The Q4 balance sheet shows that the ratio as per end December 2008 is lower than 40%. Consequently, RXT is in dialogue with the bondholders to ask for a waiver from this ratio requirement. Since the loan is in breach with one of the covenants, it has been reported as current liabilities until the waiver has been approved by the bondholders.

#### SHARES

21,562,500 new shares were issued in December 2008 related to the share issue in tranche 1 of the private placement resolved by the extraordinary general meeting of Reservoir Exploration Technology ASA on 9 December 2008. Total outstanding shares at 31 December 2008 were 49,688,605.

258,560 new shares were issued in January 2009 related to tranche 2 of the private placement resolved 9 December 2008.

Total outstanding shares are currently 49,947,165.

As per December 31st, 2008, a total of 2,980,335 options are outstanding in connection with the share option programs. Unallocated options are

154,625.

The convertible bond can be converted at NOK 40 per share. The nominal value of the convertible bond as per December 31st, 2008 was NOK 90,111,493, corresponding to an additional 2,252,787 shares if/when converted.

The 39,204,545 warrants issued as part of the private bond placement may be exercised in the period up to and including November 30th 2012.

#### RECENT EVENTS

RXT issued in January 2009 an additional NOK 3.3 million bond loan as tranche 2 of the bond loan issued in December 2008. Further, additional 470,032 new warrants were issued.



# OUTLOOK

## BACKLOG AND 2009 ACTIVITIES

Our entire senior team is focusing on cost reduction and containment, restructuring, improved operational efficiency and driving productivity gains. Following our period of rapid growth, which severely stretched the organisation, the company has now, for the first time, the resources available to target these objectives. However, the safety of our people, the environment and our clients remains the number one agenda item. We will concentrate on capitalizing upon our \$450 million backlog, predominantly with blue chip National Oil Corporations (NOCs) and International Oil Companies (IOCs), improving acquisition rates and optimizing our crew configurations.

All of these changes will bring a sharper focus on revenue, costs, efficiency and profit. RXT Board of Directors has agreed to a 20% reduction in their fees. Senior Management has agreed to a 10% salary cut, and other measures will also be looked into. It is the Company's intention that these savings shall be achieved mainly through voluntary measures.

Capex commitments for 2009 will be limited to the absolute minimum. Sanco Spirit - a second purpose built vessel, will be introduced in August/September 2009 as a source vessel. The development of our electro-magnetic technology (EM) has been suspended.

RXT will operate 4 crews until the contract in the Caspian Sea for RXT3 is completed in May 2009, and 3 crews thereafter. RXT will have the possibility to start a 4th operation again when market and financial conditions allow this to happen.

We have had a constructive working relationship with ION for the Vector-Seis system, but not without technical challenges. In the early stages an exclusivity agreement was useful, albeit not as important as the methodology adopted in working practices. That exclusivity has minimum spend thresholds and it is unlikely RXT will cross them in 2009.

## MARKET OUTLOOK

The existence of a sizeable contracted backlog in production reservoir areas, with blue chip clients has been overlooked as quite rightly the sharp focus has been on performance versus market expectation. To date performance to goals has been unacceptable and a renewed vigor around costs and operational efficiency will prevail.

Our clients, being NOCs and IOCs dealing with production reservoirs, are exceptionally well placed to be repeat clients. In addition they are all supportive of the RXT model and the high quality of the data output from our gathering activities.

There are several large tenders coming out in several regions shortly, and

RXT expects to be in a good position to maintain a sizable backlog also going forward.

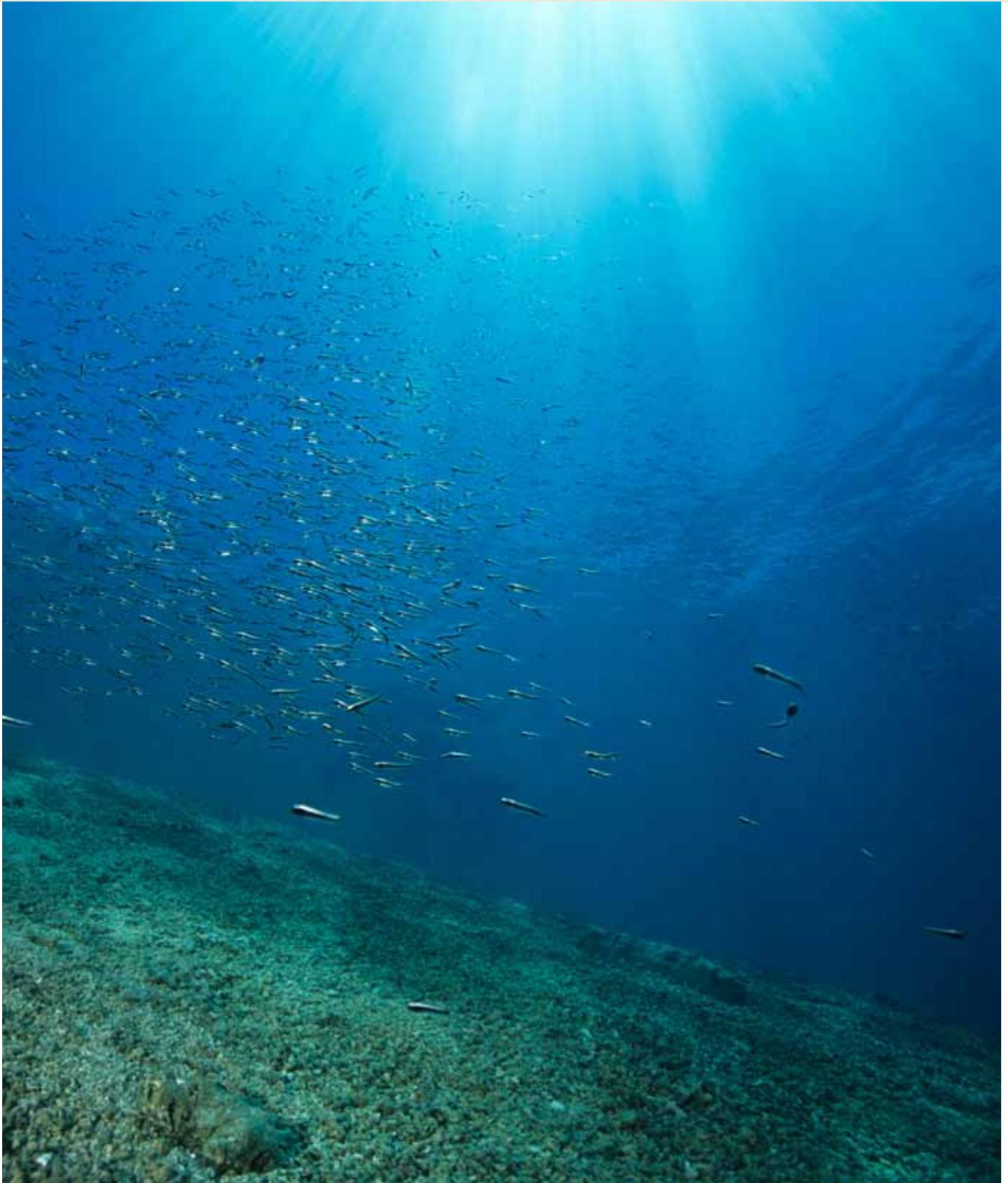
## FINANCING

Due to the decommissioning of RXT1 in the Gulf of Mexico, the weak results in Q4, later payment from certain clients than earlier expected and the delayed start-ups of the new operations RXT4 and RXT5, RXT has a near term funding requirement. The company has received a term sheet from Lime Rock Partners (a shareholder) for a short term loan facility. The facility will require certain waivers from RXT's lenders and is being considered. The facility is subject to RXT raising \$30 million in new equity.

The Company has mandated DnB NOR Markets to assist the company to evaluate the future capital structure, and Pareto Securities will assist in the matters around Bond Holders.

Lysaker, 26th February 2009

The Board of Directors  
Reservoir Exploration Technology ASA



# Reservoir Exploration Technology ASA Group

## INCOME STATEMENTS

In US\$ 000'	Unaudited Quarter ended Dec 31,		Unaudited Year ended Dec 31, 2008	Audited Year ended Dec 31, 2007
	2008	2007		
<b>REVENUE:</b>				
Sales revenue	30 054	35 984	147 243	102 048
Share of profit of equity accounted investees	-471	0	379	
<b>Total revenue</b>	<b>4 29 584</b>	<b>35 984</b>	<b>147 622</b>	<b>102 048</b>
<b>OPERATING EXPENSES:</b>				
Cost of sales	37 658	18 649	118 113	67 756
Selling, general and administrative cost	3 393	2 938	14 266	10 277
<b>EBITDA</b>	<b>-11 468</b>	<b>14 397</b>	<b>15 242</b>	<b>24 015</b>
Impairment charges	18 348	0	18 348	
Amortisation MCS	1 701		1 701	
Depreciation	9 589	8 685	38 481	23 677
<b>OPERATING PROFIT</b>	<b>4 -41 106</b>	<b>5 712</b>	<b>-43 288</b>	<b>338</b>
<b>FINANCIAL INCOME AND EXPENSES:</b>				
Financial income	301	1 785	721	1 435
Financial expenses	-14 951	-4 734	-32 545	-20 279
<b>Net financial items</b>	<b>-14 650</b>	<b>-2 949</b>	<b>-31 824</b>	<b>-18 844</b>
<b>Net result before variances on derivative of convertible bond (CB)</b>	<b>-55 756</b>	<b>2 762</b>	<b>-75 112</b>	<b>-18 506</b>
Variance on derivative of CB	0	-1 444	3 264	-1 793
<b>NET RESULT BEFORE TAX</b>	<b>-55 756</b>	<b>1 319</b>	<b>-71 848</b>	<b>-20 300</b>
Income tax expense (benefit)	12 787	2 832	13 385	-3 238
<b>NET PROFIT (LOSS)</b>	<b>-68 543</b>	<b>-1 512</b>	<b>-85 233</b>	<b>-17 063</b>
<b>Earnings per share (US\$) - Basic</b>	<b>-2,44</b>	<b>-0,06</b>	<b>-3,10</b>	<b>-0,66</b>
<b>Earnings per share (US\$) - Diluted</b>	<b>-2,44</b>	<b>-0,06</b>	<b>-3,10</b>	<b>-0,66</b>
<b>Average shares outstanding</b>	<b>28 126 108</b>	<b>25 552 020</b>	<b>27 534 895</b>	<b>25 763 900</b>
<b>Average shares outstanding - Diluted</b>	<b>30 590 645</b>	<b>30 110 471</b>	<b>30 506 964</b>	<b>29 631 224</b>

# Reservoir Exploration Technology ASA Group

## BALANCE SHEETS

In US\$ 000'	Unaudited December 31, 2008	Audited December 31, 2007
<b>ASSETS</b>		
<b>Non-current assets:</b>		
Deferred tax asset	0	8 393
Multiclient library	11 752	4 489
Other intangible assets	3 395	1 458
Seismic equipment	2 214 782	119 939
Investment in equity accounted investees	9 996	17 386
Other fixed assets	175	175
<b>Total non-current assets</b>	<b>240 100</b>	<b>151 840</b>
Current assets:		
Accounts receivable	27 624	34 615
Other current assets	21 935	23 296
<b>Total receivables</b>	<b>49 559</b>	<b>57 911</b>
Cash and cash equivalents	7 145	32 511
<b>Total current assets</b>	<b>56 704</b>	<b>90 422</b>
<b>Total assets</b>	<b>296 804</b>	<b>242 262</b>

In US\$ 000'	Unaudited December 31, 2008	Audited December 31, 2007
<b>EQUITY AND LIABILITIES</b>		
<b>Shareholders' equity:</b>		
<b>Paid in capital:</b>		
Share capital	747	408
Share premium reserve	144 478	110 051
Share capital under registration	0	10 000
Other equity	69 965	6 954
<b>Accumulated profits</b>		
Retained earnings/(loss)	-137 073	-51 596
<b>Total equity</b>	<b>78 117</b>	<b>75 817</b>
<b>Long-term liabilities:</b>		
Convertible bond	10 719	12 940
Fair value of conversion right CB	0	15 625
Bond loan with warrants	24 588	0
Bond loan	0	29 744
Capital lease obligations	7 263	5 820
Deferred tax liabilities	4 151	0
<b>Total long-term liabilities</b>	<b>46 721</b>	<b>64 129</b>
<b>Current liabilities:</b>		
Bank overdraft	10 376	0
Bond loan	79 432	72 383
Short term interest bearing debt	7 024	2 733
Accounts payable	62 168	20 449
Other current liabilities	12 965	6 752
<b>Total current liabilities</b>	<b>171 966</b>	<b>102 317</b>
<b>Total liabilities</b>	<b>218 687</b>	<b>166 446</b>
<b>Total equity and liabilities</b>	<b>296 804</b>	<b>242 262</b>

# Reservoir Exploration Technology ASA Group

## CASH FLOW STATEMENTS

In US\$ 000'	Unaudited Quarter ended Dec 31,		Unaudited Year ended Dec 31, 2008	Audited Year ended Dec 31, 2007
	2008	2007		
<b>Cash flow from operating activities:</b>				
Net result before income taxes	-55 756	1 319	-71 848	-20 300
Depreciation and amortisation	11 290	8 685	40 182	23 677
Impairment and restructuring	18 348	0	18 348	
Fair value of conversion right CB	0	1 444	-3 264	1 793
Changes in current assets/ liabilities	37 366	4 954	54 702	-34 807
Net finance expense	14 650	-2 270	31 824	18 844
Equity-settled share-based payments	237	0	1 647	1 119
Share of profit of equity accounted investees	471		-379	
Gain on sale of seismic equipment	-153		-153	
Income tax paid	-906	0	-4 292	1 231
<b>Net cash flow from operating activities</b>	<b>25 548</b>	<b>14 132</b>	<b>66 767</b>	<b>-8 443</b>
<b>Cash flow from Investing activities:</b>				
Investments in multi-client library	-11 752	-2 562	-11 752	-4 489
Interest received	301	0	721	1 435
Equity investment	0	-17 386	0	-7 386
Purchase of seismic equipment	-70 730	-28 557	-134 747	-75 693
Sale of seismic equipment	2 653	0	2 653	
Prepaid seismic equipment	0	0	0	-1 458
<b>Net cash flow from investing activities</b>	<b>-79 528</b>	<b>-48 505</b>	<b>-143 125</b>	<b>-87 591</b>
<b>Cash flow from financing activities:</b>				
Proceeds from new equity raised	19 061	14 999	20 273	6 519
Proceeds from debt raised	39 379	29 744	50 973	101 238
Payment of interest	-3 179	0	-14 977	-7 857
Payment of debt	-1 291	-1 338	-5 276	-6 879
<b>Net cash flow from financing activities</b>	<b>53 970</b>	<b>43 404</b>	<b>50 992</b>	<b>93 021</b>
<b>Cash balance:</b>				
Net change in cash	-11	9 031	-25 365	-3 012
Cash beginning of period	7 156	23 481	32 511	35 523
<b>Cash end of period</b>	<b>7 145</b>	<b>32 511</b>	<b>7 145</b>	<b>32 511</b>

## Changes in Equity

	Unaudited Dec 31, 2008	Audited Dec 31, 2007
In US\$ 000'		
<b>Opening balance</b>	<b>75 817</b>	<b>70 968</b>
Not paid in capital	0	10 000
Share issue	20 942	1 030
Net result	-85 233	-17 063
Share options	1 647	1 119
Translation differences	40 994	0
Effect of change in functional currency	5 659	0
Convertible bonds (net of tax)	15 024	0
Currency adjustments subsidiaries	37	0
Conversion of CB	3 861	9 760
Share issue cost	-629	
<b>Equity per period end</b>	<b>78 117</b>	<b>75 817</b>

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 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 2007 are available upon request from the Company's registered office at Lysaker Torg 5 A PO.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 2007. 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 2007.

## 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 2007.

## NOTE 2 PROPERTY, PLANT AND EQUIPMENT

In US\$ 000'	Office machines and software	Seismic equipment	Total fixed assets
<b>Acquisition cost</b>			
01.01.2008	1 201	160 267	161 468
Additions	151	134 596	134 747
Disposals		-2 469	-2 469
Currency effects		1 407	1 407
<b>Acquisition cost at 31.12.2008</b>	<b>1 352</b>	<b>293 801</b>	<b>295 153</b>
<b>Accumulated depreciation and impairment losses</b>			
01.01.2008	391	41 139	41 530
The year's depreciation	361	38 481	38 842
The year's impairment losses			
<b>Accumulated depreciation and impairment test 31.12.2008</b>	<b>752</b>	<b>79 620</b>	<b>80 372</b>
<b>Net carrying amount 31.12.2008</b>	<b>600</b>	<b>214 181</b>	<b>214 782</b>

During mobilisation, all direct costs are accrued, including depreciation.

## 2.1 FULLY WRITTEN DOWN NON-CURRENT ASSETS

Some fixtures and fittings with a total cost price of TUSD 70 have been fully depreciated as at 30 September 2008 but are still in use.

## 2.2 DISCARDED NON-CURRENT ASSETS

No non-current assets are ready to be discarded.

## 2.3 NON-CURRENT ASSETS TEMPORARILY OUT OF OPERATION

No non-current assets are temporarily out of operation.

## 2.4 EQUIPMENT LEASED UNDER FINANCE LEASES

The group has US\$ 12.9 million in equipment under finance leases.

## 2.5 CONSTRUCTION LOAN INTEREST

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

## 2.6 IMPAIRMENT LOSSES

The impairment calculation shows no indication of impairment losses.

## 2.7 RESIDUAL VALUE

The seismic equipment has no residual value

## 3 LONG-TERM LIABILITIES

In US\$ 000'	True rate of interest	Maturity date	Carrying amount 31 Dec. 2008
<b>Unsecured</b>			
Bond loan (MNOK 400) *	7.82 %	2011	56 318
Bond loan (MNOK 165) *	8.72 %	2012	23 113
Bond loan with warrants	10.00 %	2012	24 588
Convertible bonds (CB)	5.00 %	2011	10 719
<b>Total unsecured long-term debt</b>			<b>114 738</b>
<b>Secured</b>			
Loan from vendor			1 367
Capital lease obligations	9.80 %	2010	12 920
<b>Total secured long-term</b>			<b>14 287</b>
1st year's principal repayments on long-term debt			-7 024
<b>Total long-term debt excl. the 1st year's principal repayments</b>			<b>122 002</b>

The rate of interest is a calculated weighted average.

#### Convertible bonds:

At 31 December, 2008, there were 90,111,493 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 forty bonds held, a total of 2,252,787 shares. Any bonds not converted will be redeemed on 22 February 2011 at a price of NOK 1 per bond. The bonds carry an interest rate of 5% per annum, payable annually.

As USD has been the functional currency of the company issuing the bond, the loan and derivative has been recognised 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 recognised in equity, and this value in equity is not remeasured at future dates.

However, because this convertible loan is denominated in NOK, the embedded derivative has been recognised as a liability. Consequently, the fair value of the embedded derivative has been measured 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 has been computed by applying the Black & Scholes model, using a volatility of 45%. In relation to the issue of the convertible bond, NOK 9,800,000 incurred in expenses. This amount is amortized over the duration of the convertible bond.

Functional currency for RXT ASA, who has issued the convertible bond, change from USD to NOK 1 April 2008. Due to this change, the market value of the financial derivative part of the convertible bond is reclassified to equity, and there are no more changes to be recognised in the income statement.

#### NOK 400 million bond loan

RXT issued on 11 May 2007 a 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 2011. Interest per annum is NIBOR + 3.85 %.

#### NOK 165 million bond loan

RXT issued on 7 December 2007 a bond loan with total amount of NOK 165,000,000. Par value of each bond is NOK 500,000 and maturity is at 7 December 2012. Interest per annum is NIBOR + 4.75%.

RXT issued in December 2008 a bond loan with total amount of NOK 276,000,000. Par value of each bond is NOK 100 and maturity is 11 December 2012. Interest per annum is 10%, payable in June and December. Further, 39,204,545 warrants were issued as a part of the bond placement.

**NOTE 4**      **SEGMENT INFORMATION**

In 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 2008 activity in two geographical areas, the Gulf of Mexico (Americas), the Caspian Sea and Nigeria (both 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 Dec 31, 2008</b>	<b>Americas</b>	<b>EAME</b>	<b>Total</b>
Revenue	864	28 720	29 584
Operating profit/ loss	-5 208	-35 898	-41 106
Depreciation	2 038	7 551	9 589

<b>Year ended Dec 31, 2008</b>	<b>Americas</b>	<b>EAME</b>	<b>Total</b>
Revenue	48 785	98 837	147 622
Operating profit/ loss	4 598	-47 886	-43 288
Depreciation	8 418	30 063	38 481

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