



RESERVOIR EXPLORATION TECHNOLOGY ASA (RXT) REPORT PER 1ST QUARTER 2006 (UNAUDITED)

April 27, 2006

1ST QUARTER HIGHLIGHTS

- Q1 Revenue of \$3.2 million compared to \$2.9 million in Q1 2005.
- Q1 EBITDA of minus \$3.8 million, compared to minus 2.0 million in Q1 2005.
- Earnings per share were minus \$0.27, an improvement of \$0.93 from 2005.
- Gulf of Mexico crew vessels in dock, from end January to end of February to our advantage.
- Issued NOK 140 million convertible bond in February 2006.
- Resolved legal dispute with former financial adviser satisfactorily.

2006 OUTLOOK

- Awarded major contract on the Norwegian continental shelf.
- Both crews secured work until mid October with stronger than previously reported pipeline.
- "Ocean Pearl" to start operation as planned in the UK sector of the North Sea.
- Revenue and EBITDA guidance remains firm:
 - Revenue range: \$54 - \$59 million.
 - EBITDA range: \$18 - \$20 million.

Operations

Revenue:

Revenue for 1st quarter 2006 was \$3.2 million, compared to \$2.9 million in 2005.

The GOM 4C project was completed on budget around 27th January. Both vessels then went to yard, one for 25 year classification and the other for a replacement of one of its generators. The yard stay was originally planned for May 2006. Moving it to January/February 2006 meant that the Company took advantage of breaking off during a period with worse weather condition, and also avoided having a yard stay in the middle of the contract. The extensive yard work was completed on both vessels by the end of February.

The crew re-commenced operation in early March. The production was negatively affected by considerable third party diving activity related to subsea platform repairs, after last year's hurricane activity. Thereafter production has been on target despite marginal weather conditions for most of the month.

A certain portion of the revenues from the current GOM contract will be payable when late sales are secured. To date, none of the potential late sales revenue nor the associated expense has been taken into account.

EBITDA:

EBITDA (earnings before interest, tax, depreciation, amortization and write-downs) for the quarter was minus \$3.8 million, compared to minus \$2.0 million in 2005. Taking into account the following impacts, the EBITDA is in line with expectations.

EBITDA for the quarter was impacted by:

- As previously mentioned, the extensive yard stay, originally planned for Q2.
- Third party diving activity related to subsea platform repairs.
- A decision to incur operating expenses related to Ocean Pearl rigging earlier than planned.

- Hiring of certain key individuals for crew number 3 ahead of time.
- Expensed share option cost higher than planned.

Financial items

Net financial expense for Q1 2006 was \$0.4 million, compared to a net financial expense of \$0.8 million for Q1 2005. Financial expense in Q1 2006 includes unrealized foreign exchange loss related to the convertible bond amounting to \$0.5 million.

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 Loss

Net loss for Q1 2006 was minus \$5.4 million compared to minus \$4.0 million from Q1 2005.

Balance Sheet

Total non-current assets amounted to \$35.5 million at the end of the period. Purchase of seismic equipment amounted to \$13.7 million in Q1 2006.

Cash and cash equivalents balance was \$31.5 million at the end of the quarter, compared to \$31.2 million at year end 2005.

Total liabilities at the end of the quarter were \$34.1 million, of which \$27.1 million is interest bearing.

The Company issued in February 2006 a convertible bond of NOK 140 million with pre-emptive rights for existing shareholders. The convertible bond has a 5% coupon, a 5 year maturity and a strike price of NOK 40 per share.

Shares

Total outstanding number of shares in the Company is 20,000,000. Total diluted average shares outstanding 31 March 2006 was 20,486,850.

RXT Board of Directors has been granted authority to issue 2,333,340 shares in connection with share option programs. A total of 2,143,340 options have now been allocated under these programs.

Outlook 2006

The GOM crew will complete the current project around beginning of October 2006. Tenders are already submitted for substantial follow-on work in the GOM.

The "Ocean Pearl" will commence operation West of Shetlands in early May. The contract period is 100 to 110 days as previously announced. It is anticipated that the vessel will then work on the Norwegian continental shelf as planned. Estimated completion is around mid October, with the possibility of two small follow-on programs.

Overall, the market demand is very strong, and prices remain firm. Large programs are being tendered in West Africa for the winter period and well into 2007. Alternative programs are due for tender within the next few weeks in the Middle East and Southeast Asia.

RXT maintains the guidance for 2006:

- Revenues will be in the range \$54 to \$59 million.
- EBITDA in the range \$18 to \$20 million.

The company expects to order the equipment for a third crew to start operations in Q1 2007. The contract visibility is strong, and the investment will be financed with a combination of proceeds from the convertible bond and internally generated cash flow.

Reservoir Exploration Technology ASA Group
Income Statements
Unaudited

In US\$ 000'	Quarter ended Mar 31,		Year ended Dec 31,
	2006	2005	2005
REVENUE:			
Sales revenue	3 231	2 923	19 113
Total revenue	3 231	2 923	19 113
OPERATING EXPENSES:			
Cost of sales	5 551	4 202	16 369
Selling, general and administrative cost	1 450	754	3 934
Other expenses	1 136	1 111	4 459
OPERATING PROFIT / EBIT	(4 907)	(3 143)	(5 649)
FINANCIAL INCOME AND EXPENSES:			
Financial income	0	0	792
Financial expenses	(449)	(836)	(8 113)
Net financial items	(449)	(836)	(7 321)
NET RESULT BEFORE TAX	(5 356)	(3 979)	(12 970)
Income tax expense	0	0	0
NET PROFIT (LOSS)	(5 356)	(3 979)	(12 970)
Earnings per share (US\$)	(0,27)	(1,19)	(1,24)
Earnings per share (US\$) - Diluted	(0,27)	na	(1,24)
Average shares outstanding	20 000 000	3 333 400	10 456 765
Average shares outstanding - Diluted	20 486 850	3 333 400	10 667 454

Reservoir Exploration Technology ASA Group
Balance Sheets
Unaudited

In US\$ 000'	March 31, 2006	December 31, 2005
ASSETS		
Non-current assets:		
Seismic equipment	35 469	21 067
Prepaid fixed assets	0	1 886
Total non-current assets	35 469	22 953
Current assets:		
Accounts receivable	1 732	3 216
Other current assets	1 256	983
Total receivables	2 988	4 198
Cash and cash equivalents	31 546	31 207
Total current assets	34 534	35 406
TOTAL ASSETS	70 002	58 359
EQUITY AND LIABILITIES		
Shareholders' equity:		
Paid in capital:		
Share capital	302	302
Share premium reserve	62 189	62 149
Other equity	784	559
Accumulated profits		
Retained earnings/(loss)	-27 397	-22 316
Total equity	35 878	40 694
Long-term liabilities:		
Convertible bond	19 809	0
Other long-term liabilities	7 289	7 972
Total long-term liabilities	27 098	7 972
Current liabilities:		
Accounts payable	6 597	5 301
Other current liabilities	430	4 392
Total current liabilities	7 026	9 693
Total liabilities	34 124	17 665
TOTAL EQUITY AND LIABILITIES	70 002	58 359

Reservoir Exploration Technology ASA Group
Cash flow statements
Unaudited

In US\$ 000'	Quarter ended Mar 31,		Year ended Dec 31,
	2006	2005	2005
Cash flow from operating activities:			
Net result before income taxes	(5 356)	(3 979)	(12 970)
Depreciation	1 136	1 111	4 459
Changes in current assets/ liabilities	(375)	2 181	(1 643)
Net cash flow from operating activities	(4 595)	(687)	(10 155)
Cash flow from Investing activities:			
Purchase of seismic equipment	(13 652)	0	(4 664)
Net cash flow from investing activities	(13 652)	0	(4 664)
Cash flow from financing activities:			
Proceeds from new equity raised	0	0	49 547
Proceeds from debt raised	19 269	700	7 902
Payment of liabilities	(683)	0	(11 485)
Net cash flow from financing activities	18 585	700	45 964
Cash balance:			
Net change in cash	339	13	31 145
Cash beginning of period	31 207	62	62
Cash end of period	31 546	75	31 207

Reservoir Exploration Technology ASA Group
Changes in Equity
Unaudited

In US\$ 000'	Mar 31, 2006	Dec 31, 2005
Opening balance	40 694	(9 298)
Share issue	0	63 347
Net result	(5 356)	(12 970)
Accrual for shares issue cost 2004	314	(943)
Accrual for share option cost	226	559
Equity per period end	35 879	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.

CONTACTS:

Odd Erik Rudshaug

Michael Scott

Phone: +4767828550

www.rxt.com

Reservoir Exploration Technology (RXT) is a marine geophysical company specializing in multicomponent sea-floor acquisition of seismic data. The Company was formed originally as Terra Seismic Services in April 2002 in Norway. The first operation started in the Gulf of Mexico in June 2004, and the second will start in the North Sea in May 2006. RXT has offices in Oslo, London and Houston. Additional information is available at www.rxt.com.