

RXT

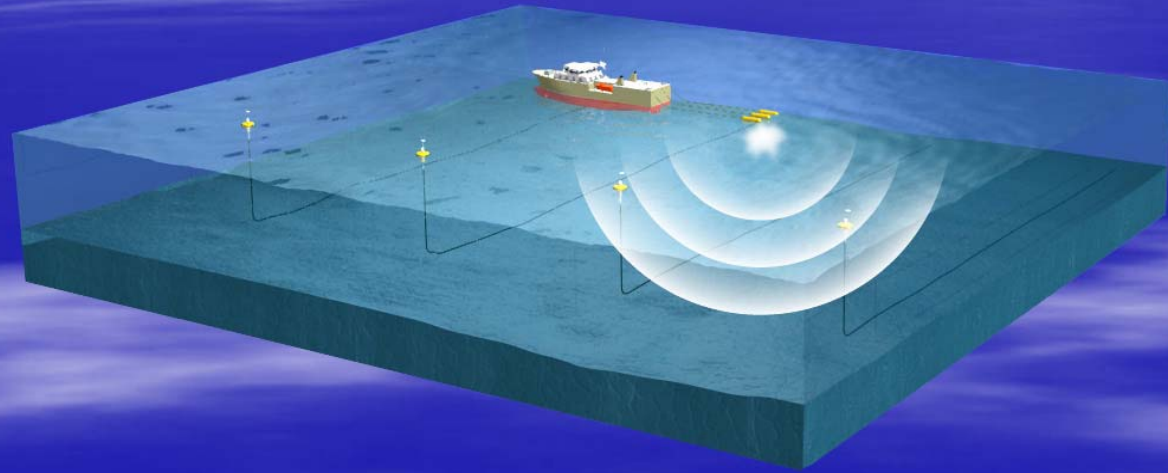
Reservoir Exploration Technology

2nd Quarter 2007

Financial Results and
Business Update

16 August 2007

CFO Odd Erik Rudshaug



Multi-component marine seismic acquisition

www.rxt.com

Important Information

- **This presentation includes and is based on, among other things, forward-looking information and statements.**
- **Such forward-looking information and statements are based on the current expectations, estimates and projections of RXT or assumptions based on information available to the company.**
- **Such forward-looking information and statements reflect current views with respect to future events and are subject to risks, uncertainties and assumptions.**
- **RXT cannot give any assurance as to the correctness of such information and statements.**

Agenda

- **Financials**
- Operations
- Outlook & Market

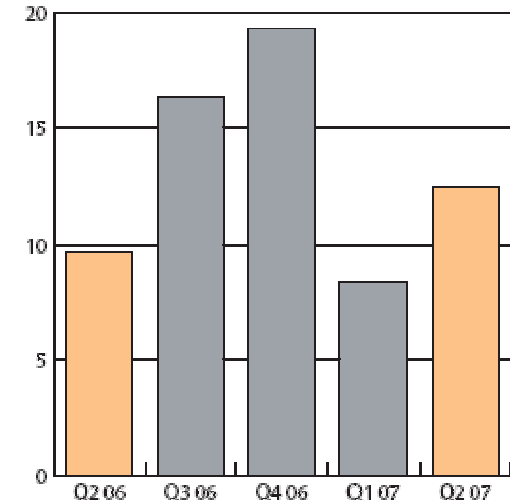
2nd Quarter 2007 Financial Highlights

■ Revenues of \$12.5m

- Up from \$8.4m in Q1 2007
- Up from \$9.7m in Q2 2006

- Increase from Q1 2007:
 - Mainly related to higher revenue for RXT1 due to higher rates/ increased efficiency
 - Minor increase for RXT2.

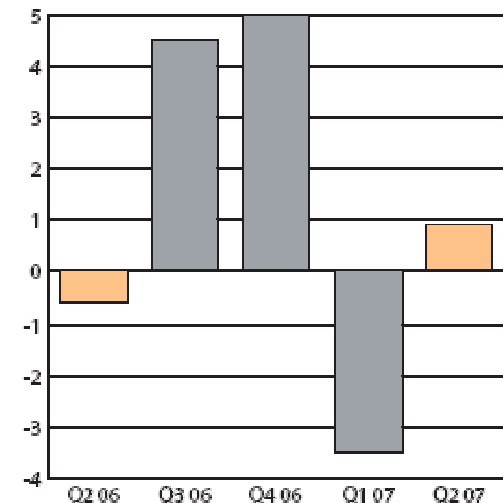
Revenue (In US\$ million)



■ EBITDA of \$0.9m

- Up from minus \$3.5m in Q1 2007
- Up from minus \$0.6m in Q2 2006

EBITDA (In US\$ million)



2nd Quarter 2007 Financial Highlights

■ Cost of Sales

- Cost of Sales “base cost” increased with \$4.5m compared to previous quarter:
 - Higher operating cost for RXT2 in Nigeria, as predicted
 - Ramp up of cost for RXT3 in the Caspian
- \$10.2m of Cost of Sales capitalised to the balance sheet:
 - \$3.9m for RXT2 – mobilisation for contract in West Africa
 - \$6.3m for RXT3 – mobilisation for contract in Caspian Sea
 - Mobilisation cost to be amortised over the acquisition of the contracts

■ Depreciation

- \$5.6m in Q2 2007
- \$3.1m – related to mobilization RXT2 and RXT3 – capitalized to the balance sheet.

Convertible Bond

- **RXT issued a convertible bond in February 2006**

- NOK 140 million, convertible at NOK 40 per share

- **"Normal" treatment at inception:**

- Debt \$15m (= present value of the bond at market interest rate at inception)
- Equity \$5m

- **RXT must report the equity element as debt in the balance sheet**

- The company which issued the convertible bond has a functional currency (USD) different from the loan currency (NOK)
- Consequently, the convertible bond includes a financial derivative that has to be recorded as a financial liability at inception
- The estimated market value of the conversion right must be recalculated each quarter, and changes must be taken over the income statement

- **Fair value of conversion right CB (\$m):**

- At inception 5.0
- Q2-07 24.9
- The changes are mainly related to change in RXT's share price, and has no impact on EBITDA or future cash flow.

Income Statements

In US\$ 000'	Quarter ended Jun 30,		Six months ended Jun 30,		Year ended Dec 31,
	2007	2006	2007	2006	2006
REVENUE:					
Sales revenue	12 509	9 671	20 922	12 901	48 514
Total revenue	12 509	9 671	20 922	12 901	48 514
OPERATING EXPENSES:					
Cost of sales	9 786	8 472	19 448	14 023	35 982
Selling, general and administrative cost	1 824	1 787	4 064	3 236	7 360
EBITDA	899	-588	-2 590	-4 358	5 172
Depreciation	2 596	2 163	6 518	3 299	10 248
OPERATING PROFIT	-1 697	-2 751	-9 108	-7 658	-5 076
FINANCIAL INCOME AND EXPENSES:					
Financial income	199	0	410	0	1 554
Financial expenses	-3 954	-1 231	-4 732	-1 680	-3 714
Net financial items	-3 755	-1 231	-4 322	-1 680	-2 160
Net result before variances on derivative of convertible bond (CB)	-5 453	-3 983	-13 430	-9 338	-7 236
Variance on derivative of CB	-4 431	-5 657	-8 580	-8 227	-10 291
NET RESULT BEFORE TAX	-9 884	-9 639	-22 009	-17 565	-17 527
Income tax expense (benefit)	-168	0	-298	0	-5 000
NET PROFIT (LOSS)	-9 716	-9 639	-21 711	-17 565	-12 527
Earnings per share (US\$) - Basic	-0,38	-0,48	-0,85	-0,88	-0,62
Earnings per share (US\$) - Diluted	-0,38	-0,48	-0,85	-0,88	-0,62
Average shares outstanding	25 643 902	20 000 000	25 598 215	20 000 000	20 211 904
Average shares outstanding - Diluted	30 340 169	20 486 850	30 191 839	20 486 850	24 471 882

- Unrealised exchange loss (net financial items):
- Q2 07: \$2.4m
- Q1 07: \$0.3m
- Q2 06: \$1.1m

Balance Sheet

In US\$ 000'	June 30, 2007	December 31, 2006
ASSETS		
Deferred tax asset	5 298	5 000
Long term assets	104 623	70 937
Other current assets	35 722	14 487
Cash and cash equivalents	38 207	35 523
TOTAL ASSETS	183 850	125 947
EQUITY AND LIABILITIES		
Equity	51 138	70 968
NOK Bond	66 134	0
Convertible bond	15 938	15 686
Fair value of conversion right CB	24 911	15 285
Other long-term liabilities	7 483	4 056
Short term interest bearing debt	5 662	4 697
Current liabilities	12 584	15 255
TOTAL EQUITY AND LIABILITIES	183 850	125 947

▪ Fair value of conversion right CB

- \$24.9m
- Reclassified to equity if functional currency in RXT ASA changes to NOK
- Functional currency will change to NOK if a majority of RXT's future activity is performed through subsidiaries.
- Possibly in Q1 2008

Cash Flow

In US\$ 000'	Quarter ended Jun 30,		Six months ended Jun 30,		Year ended Dec 31,
	2007	2006	2007	2006	2006
Cash flow from operating activities:					
Net result before income taxes	-9 884	-3 983	-22 009	-9 338	-17 527
Depreciation	2 596	2 163	6 518	3 299	10 248
Fair value of conversion right CB	4 431	0	8 580	0	10 290
Changes in current assets/ liabilities	-22 633	2 237	-20 000	1 862	917
Other items ¹	411		1 298		
Net cash flow from operating activities	-25 078	418	-25 614	-4 177	3 928
Cash flow from Investing activities:					
Investments in multi-client library	0	0	-1 835	0	
Purchase of seismic equipment	-12 109	-24 705	-40 865	-38 358	-59 050
Prepaid seismic equipment	0	0	0	0	727
Net cash flow from investing activities	-12 109	-24 705	-42 701	-38 358	-58 323
Cash flow from financing activities:					
Proceeds from new equity raised	1 437	44	1 437	44	41 781
Proceeds from debt raised	66 882	0	71 156	19 269	19 436
Payment of liabilities	-683	-683	-1 594	-1 367	-2 506
Net cash flow from financing activities	67 636	-640	70 999	17 946	58 712
Cash balance:					
Net change in cash	30 448	-24 927	2 684	-24 588	4 317
Cash beginning of period	7 760	31 546	35 523	31 207	31 207
Cash end of period	38 207	6 619	38 207	6 619	35 523

- Invested \$12.1m in seismic equipment in Q2 2007

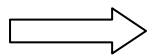
1) Other items = exchange gain/loss

Agenda

- Financials
- **Operations**
- Outlook & Market

Q2 in Perspective

- **Significant backlog at projected EBITDA margins: \$304m.**
- **Projected EBITDA margin**
 - RXT1 from mid June 2007
 - RXT2 from mid September 2007
 - RXT3 from end June 2007
- **Signed exclusive agreement with KMS for proprietary EM technology for cable based systems**
- **Weak revenue due to:**
 - Completion of low margin work in GOM (RXT1)
 - Delayed start for RXT2 in Nigeria, combined with low production rates
 - Delayed start for RXT3 in Caspian



Mobilized complex operations in
2 very extreme areas.

Operations – Highlights Q2-07

▪ RXT1 (Gulf of Mexico)

- Completed large 2C program early June
- Completed another 2C program early July
- Scheduled yard stay from mid July to early August
- Back in normal production on new 2C program around 11 August
- Significant productivity increase after cable upgrades from 6km to 12km

▪ RXT2 (West Africa)

- Started production in Nigeria early June, against start-up target of 20 May
- Production rates were initially lower than estimated, but have now improved significantly
- Optimum production will not be achieved until the cable handling vessel joins the Ocean Pearl for start-up of the ExxonMobil program approx mid September

▪ RXT3 (Caspian Sea)

- Started production in Kazakhstan in the end of June, approximately one month later than planned primarily due to logistical and bureaucratic issues in getting equipment into the country
- Operational efficiency has been very good since start-up

Electromagnetic (EM) technology - status

▪ Industry trend – integrating seismic with EM

- PGS purchases MTEM - \$270m
- OHM purchases Rock Solid Images - £10m
- CGGVeritas purchases 15% of OHM - \$27m
- Schlumberger purchases Geosystem

▪ RXT Status

- Design development started in cooperation with KMS
- Project development on schedule
- Intention to use proven VSO technology where appropriate (e.g. recording buoy)

**RXT/ KMS aim to have technology commercially available late 2008/
early 2009**

Electromagnetic (EM) technology

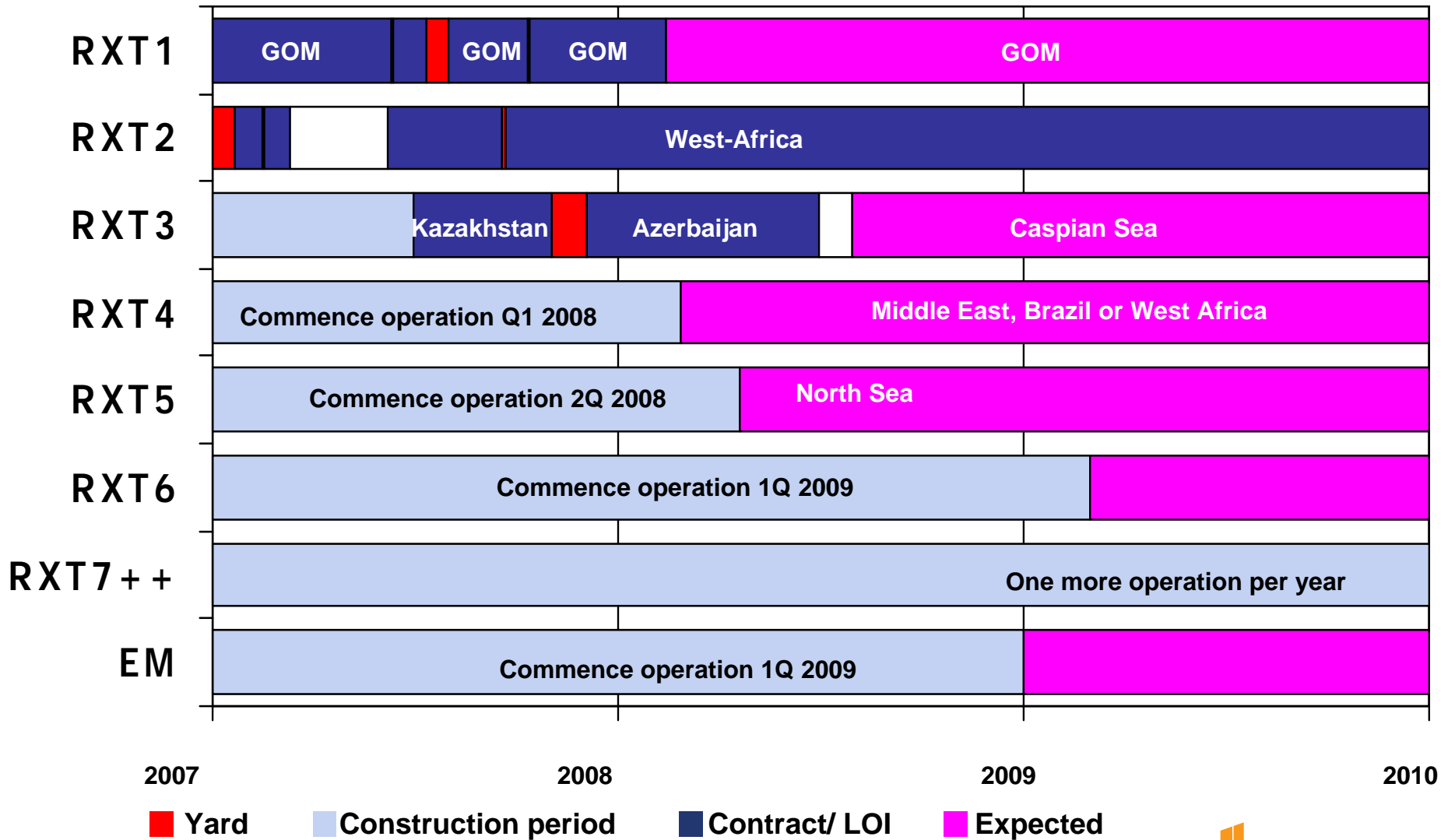
- **Exclusive agreement signed for proprietary EM technology**

- With KMS Technologies for exclusive usage of their electromagnetic technology for cable based seafloor applications offshore.

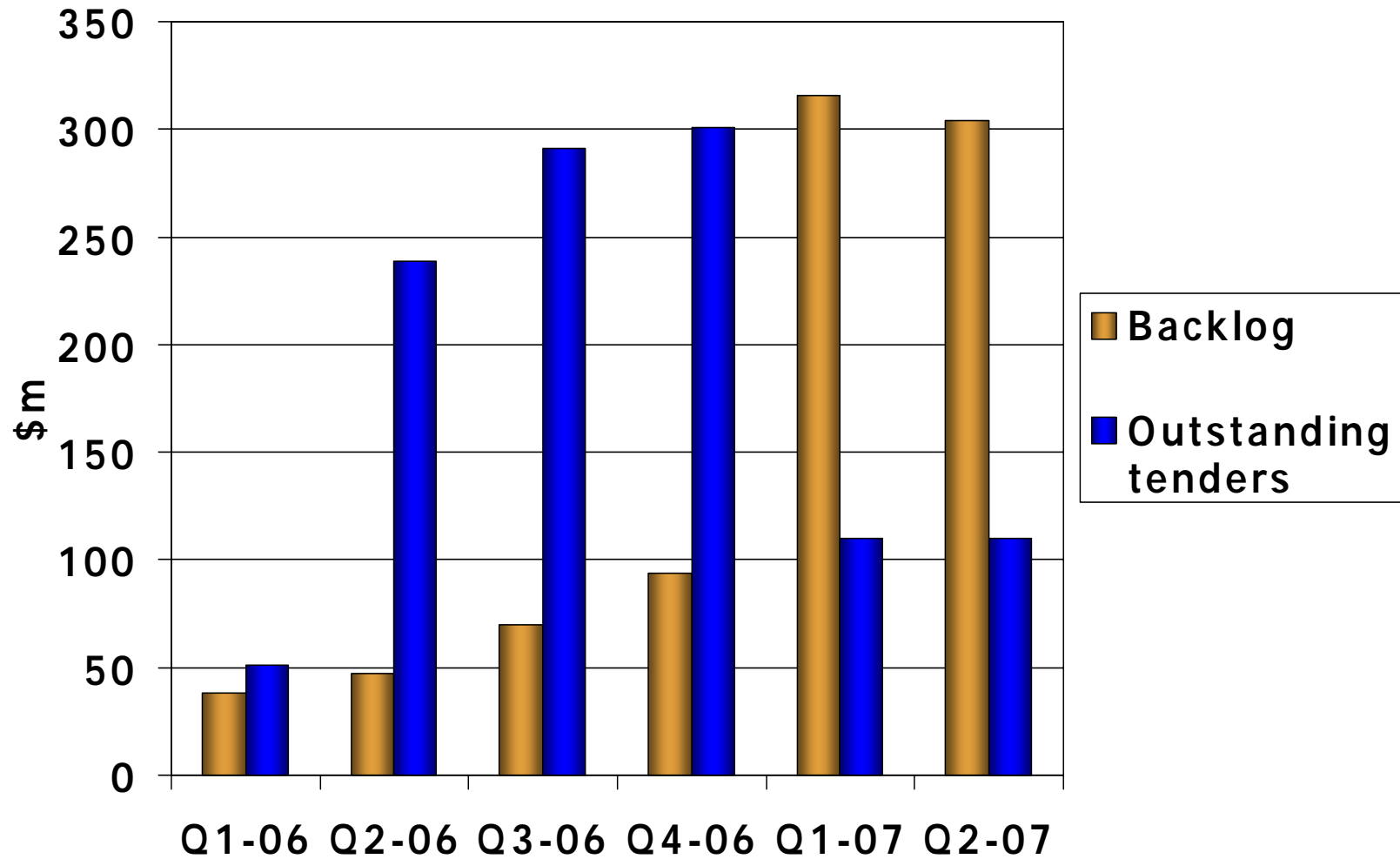
- **Agreement overview**

- RXT and KMS will work in partnership to develop, manufacture and commercialize KMS' patented EM technology (tcsem™) for cable based marine applications
 - Non-exclusive license for other seafloor applications (e.g. nodes)
 - KMS to provide pre and post survey services in addition to EM technical expertise (modeling, processing, interpretation)
 - RXT to pay for the development and manufacturing costs of the acquisition equipment
 - Equipment will be owned by RXT
 - KMS to receive a royalty on tSCEM™ revenues
 - Cost model agreed for KMS pre and post survey services

Operations



Operations



Agenda

- Financials
- Operations
- **Outlook & Market**

Oil & gas companies' challenges

- **The dramatic facts:**

- Reserve Replacement Ratio close to historical low at 76%*
- Have to increase production and replace declining reserves

- **Focus:**

1. Accelerate pace of exploration in new areas
2. Revisit existing, mature areas with new technologies
3. Improve recovery from existing, producing fields

- **RXT well positioned for no 2 and 3:**

- Improved data quality
- In some cases, solves several imaging challenges that cannot be resolved with towed streamer seismic
- In producing fields/shallow water where towed streamer operations are impractical
- 4D applications
- Multi azimuth/wide azimuth applications
 - As we increase the operating depth of the VSO equipment, OBC will compete with streamer in multi azimuth/ wide azimuth

Specific 2007/08 market opportunities

Gulf of Mexico

12 months+

\$55m+

Africa

36 months

\$250m+

Caspian

8 months

\$60m+

Middle East

24 months

\$250m+

South America

20 months

\$180m+

Summary

- **Data quality is now a market driver**
- **RXT is providing the best data quality at greatest cost efficiency**
- **2 high growth market segment applications:**
 - Exploration and development in mature areas
 - Improved recovery from existing fields
- **Organic growth:**
 - 3 operations active today (RXT1, RXT2, RXT3)
 - Fourth operation active from Q1 2008 (RXT4)
 - Fifth operation active from Q2 2008 (RXT5)
 - Sixth operation active from Q1 2009 (RXT6)
 - One more per year thereafter (RXT7+ +)
- **Exclusive technologies**
 - Four year extended exclusivity for VSO with I/O
 - Exclusive agreement for proprietary EM technology for cable based applications with KMS
- **Further growth:**
 - Develop technology to broaden range of applications for OBC
 - Complementary methodologies and markets for OBC
 - Complementary technologies to OBC
 - Develop market for combination of multi-component seismic with EM