

February 27, 2007

Reservoir Exploration Technology ASA (RXT) Report Per 4th Quarter 2006 (Unaudited)

4th Quarter Highlights

- Q4 Revenue of \$19.3 million compared to \$16.4 million in Q3 2006 and \$5.0 million in Q4 2005.
- Q4 EBITDA of \$5.0 million, compared to \$4.5 million in Q3 2006 and minus \$1.3 million in Q4 2005.
- Non-cash charge on derivative of the convertible bond minus \$4.9 million.
- Non-cash income tax benefit \$5.0 million.
- Earnings per share were \$0.01, versus \$0.24 in Q3 2006 and minus \$0.10 in Q4 2005.
- Major follow-on contract in Caspian Sea for RXT3.
- Letter of intent for a 4 month contract in GOM for RXT1.
- Chartered new seismic vessel for delivery in Q1 2009.
- Listed on the Oslo Stock Exchange.
- Private placement of 5,510,200 shares at NOK 49, with gross proceeds of approximately \$44 million.
- Ordered fourth VSO system and other seismic equipment for fourth operation.

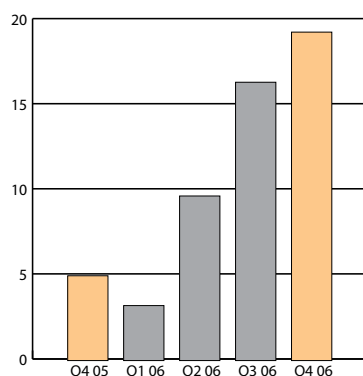
Full Year Highlights

- Revenue of \$48.5 million compared to \$19.1 million in 2005.
- EBITDA of \$5.2 million, compared to minus \$1.2 million in 2005.
- Charge on derivative of the convertible bond minus \$10.3 million.
- Earnings per share were minus \$0.62 compared to minus \$1.24 in 2005.

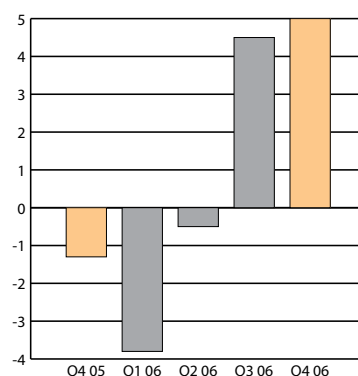
2007 Outlook

- RXT1 - Gulf of Mexico operation - secured work through September 2007.
- RXT2 - Ocean Pearl - secured work until mid March. Expect mobilization for West-Africa thereafter.
- RXT3 - Caspian operation – secured work until April 2008.
- RXT4 to commence operation late Q4 2007 or early 2008.

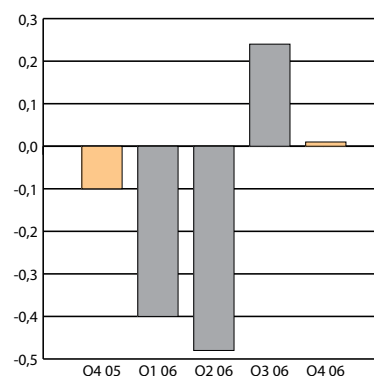
Revenue (In US\$ million)



EBITDA (In US\$ million)



Earnings per Share (In US\$)



Operations

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.

Revenue:

Revenue for 4th quarter 2006 was \$19.3 million, compared to \$5.0 million in 2005. Revenue in Q3 2006 was \$16.4 million.

RXT1 acquired a small 4C program in the GOM in October 2006, and reverted to the larger 2C program thereafter. The production in November and December was negatively affected by diving activity.

RXT2 completed reservoir specific 4C programs in the North Sea and Barents Sea in December 2006. The vessel then spent some days in port for maintenance/repair of thrusters, plus some other smaller work. In January and February 2007, Ocean Pearl has been working on some smaller programs in the North Sea, pend-

ing mobilization for West Africa.

Operating expenses:

Cost of sales for 4th quarter 2006 was \$12.0 million, compared to \$5.0 million in Q4 2005. Cost of sales in Q3 2006 was \$9.9 million.

The increase from Q3 2006 to Q4 2006 is mainly due to:

- The charter for both of the GOM vessels expired in Q3 2006. They were then renewed until August 2008 and December 2008 at significantly higher rates than earlier.
- Higher fuel consumption for Ocean Pearl.
- As announced in the Q2 2006 report, the equipment onboard RXT1 is being upgraded. This has resulted in transport of equipment between Norway and GOM.
- Other start up costs

Other expenses (depreciation) were \$3.7 million in Q4 2006, compared to 1.1 million in Q4 2005. Other expenses in Q3 2006

were \$3.3 million. The increase from Q3 2006 is mainly due to depreciation of the equipment upgrade for RXT1.

Selling, general and administrative cost ("S, G&A") for Q4 2006 was \$2.2 million, compared to \$1.2 million in Q4 2005. S, G&A for 3rd quarter 2006 was \$1.9 million. The increase from Q3 to Q4 2006 is mainly due to expenses related to the listing on the Oslo Stock Exchange in December 2006. S, G&A includes expensed share option cost in Q4 2006 with \$0.2 million, same as in both Q4 2005 and in Q3 2006.

EBITDA:

EBITDA (earnings before interest, tax, depreciation, amortization and write-downs) for the quarter was \$5.0 million, compared to minus \$1.3 million in 2005. EBITDA in Q3 2006 was \$4.5 million.

EBITDA for 2006 was \$5.2 million compared to minus \$1.2 million for 2005.



Financial items

Net financial expense for Q4 2006 was \$1.2 million, compared to a net financial income of \$0.4 million for Q4 2005. Financial income in Q3 2006 was \$0.7m. Financial expense in Q4 2006 includes unrealised foreign exchange loss amounting to \$0.8 million (gain of \$0.1 million in Q4 2005 and gain of \$1.1m in Q3 2006).

Net financial expense for 2006 was \$2.2 million, which includes unrealised foreign exchange loss amounting to \$0.8 million. Net financial expense for 2005 was \$7.2 million, mainly due to financial expenses on loans which were paid down in 2005 with significant prepayment costs.

Variance on derivative of the convertible bond

The market value of the financial derivative part of the convertible bond increased by \$4.9 million during the quarter. The increase is related to the increase in RXT's share price during the quarter, from NOK 44 to NOK 54.50.

Tax

The Company has significant tax losses to be carried forward, both in US and in Norway. Some of this benefit, \$5m, was recorded in Q4 2006 based on secured contracts in 2007.

Net Profit

Net profit for Q4 2006 was \$0.2 million compared to minus \$2.0 million from Q4 2005. Net profit in Q3 2006 was \$4.8m.

Balance Sheet

Total non-current assets amounted to \$75.9 million at the end of the period. Purchase of seismic equipment amounted to \$15.1 million in Q4 2006.



Cash and cash equivalents balance was \$35.5 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 \$55.0 million, of which \$24.4 million is interest bearing.

RXT entered into a financial lease in Q4 2006 for some of the cables for the third operation (RXT3). Total proceeds from the lease financing will be NOK 40 million.

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 convertible bond was 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 financial liability at inception was \$5.0 million. Following changes have been made during 2006:

In US\$ million	Change during quarter	Market value end of period
Inception		5.0
Q1-2006	2.6	7.6
Q2-2006	5.7	13.3
Q3-2006	-2.9	10.4
Q4-2006	4.9	15.3

The change is mainly related to the change in RXT's share price, and has no impact on EBITDA or cash flow.

Shares

RXT carried out a private placement in December 2006 of 5,510,200 shares at NOK 49 per share. Gross proceeds from the

placement were NOK 270 million (approximately \$44 million).

Total outstanding number of shares in the Company is 25,552,020.

In December 2006, 5 employees of RXT exercised in total 17,126 stock options.

RXT Board of Directors has been granted authority to issue 2,333,340 shares in connection with share option programs. As

per 31 December 2006, a total of 2,229,545 options are outstanding. Unallocated options are 62,500.

The convertible bond can be converted at NOK 40 per share. Outstanding amount at the end of the period was NOK 139,979,000, corresponding to 3,499,475 shares.



Outlook

Strong Market Fundamentals

Under-investment in exploration in the late 90s and early 2000s has resulted in reserve replacement issues on a global basis. Consequently, oil and gas companies are challenged with increasing production and replacing declining reserves.

This is being addressed through three specific activities:

1. Accelerating exploration in new areas
2. Re-visiting existing, mature areas with new technologies
3. Improving recovery from existing, producing fields

RXT's technology is a fundamental component in two of these three activities, i.e. exploration and development in mature areas and improving recovery from existing, producing fields.

The Market

In order for oil companies to achieve their objectives in mature areas and producing fields, then

they need better quality seismic data with higher resolution and, in many cases deeper imaging, than has been achieved through conventional seismic acquisition. In other words, data quality is now rapidly becoming a market driver, and not only cost, which has traditionally been the case.

The consequence of these facts is that the general market demand for both RXT 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 over \$300m.

Operations

Going forward, RXT is ideally placed to meet these growing

requirements. With a doubling of operational capacity within the end of 2007, RXT's market share will be in excess of 50%. Two further operations, comprising purpose built vessels, within Q1 2009, will further consolidate this position.

The I-O VSO sensor and associated technology is resulting in what many are confirming to be the best quality seismic data seen in the industry. In addition to this, the unique buoy based recording system, combined with RXT's innovative in-sea systems handling, is providing a very flexible, operationally effective, safe and cost efficient operation.

Irrespective of how good operational efficiency is, RXT is continually striving to improve it.

Further enhancements to the VSO system, due for implementation during the first quarter of 2007, are designed to even further improve operational performance.

This, combined with the substantially higher rates for both awarded contracts and outstanding



tenders, lends great confidence to the probability of at least achieving the targeted financial projections for the year.

In the short term

The first quarter of 2007 will be weak from both a Revenue and EBITDA perspective, for 3 reasons:

1. RXT 2 has had over a month of scheduled maintenance and guarantee repair work in preparation for leaving the region for West Africa.
2. RXT 1, also scheduled for yard work, is, through Q1, finalising the programs, originally tendered in 2005, at more “introductory” rates
3. RXT 3 is ramping up to full cost prior to mobilising in the Caspian in April.

All of this is budgeted and factored into our projections for the year.

RXT1 will complete the current program in May 2007 and will thereafter mobilise for a 4-5 month program in the Gulf of Mexico. There is sufficient interest in our operation to further validate our projection that this operation will continue to operate in the Gulf of Mexico area, at least through 2007.

RXT2 will complete its current scheduled programs in mid March and will then mobilise for West Africa.

RXT3 will be mobilised and deployed in the Caspian Sea in April 2007. The first survey is expected to last around 4-5 months. RXT3 will thereafter mobilise for another survey in the Southern Caspian, with estimated start around 1 November 2007. Estimated duration for this survey is 5 months. Despite the complications of mobilising for shallow water operations in the Northern Caspian, everything is on target

for an April/May start-up. The recent award of this second major program in the Caspian, once again by a Super Major oil company operator, further supports RXT’s strategy to keep this operation permanently in the Caspian region.

RXT has ordered cables and other seismic equipment for a fourth operation (RXT4), to commence operations at end of Q4 2007 or early 2008. Targeted areas of operations are the Middle East or Brazil, where large scale programs are coming out for tender in both regions for a start around the end of the year.

In the medium to long term

RXT5, a purpose built vessel presently being built in Norway, will be introduced in April 2008. It will be equipped to handle both cables and energy source for single vessel operation where appropriate.

RXT6, a second purpose built vessel, also under construction in Norway, will be introduced in Q1 2009. It will be similarly equipped to RXT5, but with an increased cable handling capacity.

Going forward, as the VSO system functionality is further developed, longer cables and more cables will be deployed per operation, further improving operational and cost efficiency.

Also, technology is being developed to take the systems into deep water (1500m - 2000m) and



through shallow water into the transition zone bordering to land. This will further expand the range of applications for this unique technology on a global basis.

In addition to the organic growth plan outlined, RXT is continuously evaluating new methodologies and applications for sea floor seismic in addition to complementary sea floor technologies.

Lysaker, 27 February 2007

The Board of Directors
Reservoir Exploration
Technology ASA

Reservoir Exploration Technology ASA Group

Income Statements

Unaudited

In US\$ 000'	Quarter ended		Year ended	
	Dec 31,		Dec 31,	
	2006	2005	2006	2005
REVENUE:				
Sales revenue	19 258	4 984	48 514	19 113
Total revenue	19 258	4 984	48 514	19 113
OPERATING EXPENSES:				
Cost of sales	12 041	5 043	35 982	16 369
Selling, general and administrative cost	2 200	1 239	7 361	3 934
Other expenses	3 654	1 125	10 248	4 459
OPERATING PROFIT / EBIT	1 363	(2 424)	(5 077)	(5 649)
FINANCIAL INCOME AND EXPENSES:				
Financial income	420	478	420	792
Financial expenses	(1 621)	(36)	(2 581)	(8 113)
Net financial items	(1 201)	442	(2 160)	(7 321)
Net result before variances on derivative of convertible bond (CB)	162	(1 981)	(7 237)	(12 970)
Variance on derivative of CB	(4 931)	0	(10 290)	0
NET RESULT BEFORE TAX	(4 769)	(1 981)	(17 527)	(12 970)
Income tax expense (benefit)	(5 000)	0	(4 999)	0
NET PROFIT (LOSS)	231	(1 981)	(12 528)	(12 970)
Earnings per share (US\$)	0,01	(0,10)	(0,62)	(1,24)
Earnings per share (US\$) - Diluted	0,01	(0,10)	(0,68)	(1,24)
Average shares outstanding	20 806 236	20 000 000	20 211 904	10 456 765
Average shares outstanding - Diluted	25 181 112	20 415 177	24 471 882	10 667 454

Reservoir Exploration Technology ASA Group

Balance Sheets

Unaudited

In US\$ 000'	December 31, 2006	December 31, 2005
ASSETS		
Non-current assets:		
Deferred tax asset	5 000	0
Seismic equipment	2 69 778	21 067
Other fixed assets	1 159	1 886
Total non-current assets	75 937	22 953
Current assets:		
Accounts receivable	12 185	3 216
Other current assets	2 302	983
Total receivables	14 487	4 198
Cash and cash equivalents	35 523	31 207
Total current assets	50 010	35 406
TOTAL ASSETS	125 947	58 359
EQUITY AND LIABILITIES		
Shareholders' equity:		
Paid in capital:		
Share capital	391	302
Share premium reserve	103 548	62 149
Other equity	1 559	559
Accumulated profits		
Retained earnings/(loss)	-34 530	-22 316
Total equity	70 968	40 694
Long-term liabilities:		
Convertible bond	15 686	0
Fair value of conversion right CB	15 285	0
Capital lease obligations	1 322	0
Other long-term liabilities	2 734	7 972
Total long-term liabilities	35 027	7 972
Current liabilities:		
Short term interest bearing debt	4 697	0
Accounts payable	12 284	5 301
Other current liabilities	2 970	4 392
Total current liabilities	19 952	9 693
Total liabilities	54 979	17 665
TOTAL EQUITY AND LIABILITIES	125 947	58 359

Reservoir Exploration Technology ASA Group
Cash flow statements
Unaudited

In US\$ 000'	Quarter ended		Year ended	
	Dec 31,		Dec 31,	
	2006	2005	2006	2005
Cash flow from operating activities:				
Net result before income taxes	(4 769)	(1 981)	(17 527)	(12 970)
Depreciation	3 654	1 125	10 248	4 459
Fair value of conversion right CB	4 931	0	10 290	0
Changes in current assets/ liabilities	4 117	2 450	917	(1 643)
Net cash flow from operating activities	7 933	1 594	3 928	(10 155)
Cash flow from Investing activities:				
Purchase of seismic equipment	(14 581)	(3 691)	(59 050)	(2 778)
Prepaid seismic equipment	(492)	0	727	(1 886)
Net cash flow from investing activities	(15 073)	(3 691)	(58 323)	(4 664)
Cash flow from financing activities:				
Proceeds from new equity raised	41 418	(33)	41 781	49 547
Proceeds from debt raised	1 322	0	19 436	7 902
Payment of liabilities	(692)	(228)	(2 506)	(11 485)
Net cash flow from financing activities	42 048	(261)	58 712	45 964
Cash balance:				
Net change in cash	34 908	(2 358)	4 317	31 145
Cash beginning of period	616	33 564	31 207	62
Cash end of period	35 523	31 207	35 523	31 207

Reservoir Exploration Technology ASA Group
Changes in Equity
Unaudited

In US\$ 000'	Dec 31,	Dec 31,
	2006	2005
Opening balance	40 694	-9 298
Share issue	43 767	63 347
Net result	-12 528	-12 970
Accrual for shares issue cost 2004	314	-943
Share options	1 000	559
Share issue cost	-2 279	0
Equity per period end	70 968	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 Non-current assets

In US\$ 000'	Office machines and software	Seismic equipment	Total fixed assets
Acquisition cost			
01.01.2006	100	26 625	26 725
Additions	410	58 640	59 050
Disposals			
Acquisition cost at 31.12.2006	510	85 265	85 775
Accumulated depreciation and impairment losses			
01.01.2006	36	5 622	5 658
The year's depreciation	91	10 248	10 339
The year's impairment losses			
Accumulated depreciation and impairment test 31.12.2006	127	15 870	15 997
Net carrying amount 31.12.2006	383	69 395	69 778

2.1 Fully written down non-current assets

Some fixtures and fittings with a total cost price of TUSD 55 have been fully depreciated as at 31 December 2006 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 company will partly finance 4 cables for the third operation with a financial lease. One of these cables was delivered in 2006.

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 Depreciation rates

The following depreciation rates have been used:

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

2.8 Change in depreciation periods

The depreciation rates are unchanged from 2005

2.9 Residual value

The seismic equipment has no residual value

Note 3 Long-term liabilities

In US\$ 000'	True rate of interest	Maturity date	Carrying amount
			31 Dec. 2006
Unsecured			
Bank loans – floating interest rates			
Loan attributable to discontinued operations			
Share of joint venture loan			
Loan from vendor	1,00%	2008	5 467
Convertible bonds (CB)	5,00%	2011	15 686
Fair value of conversion right CB		2011	15 285
Capital lease obligations	6,95%	2010	1 322
Total unsecured long-term debt			37 760
Total long-term debt			37 760
1st year's principal repayments on long-term debt			-2 733
Total long-term debt excl. the 1st year's principal repayments			35 027

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 31 December 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 forty 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 volatility of 45%. In relation to the issue of the convertible bond, NOK 9.800.000 were incurred in expenses. This amount is amortized over the duration of the convertible bond.

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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.